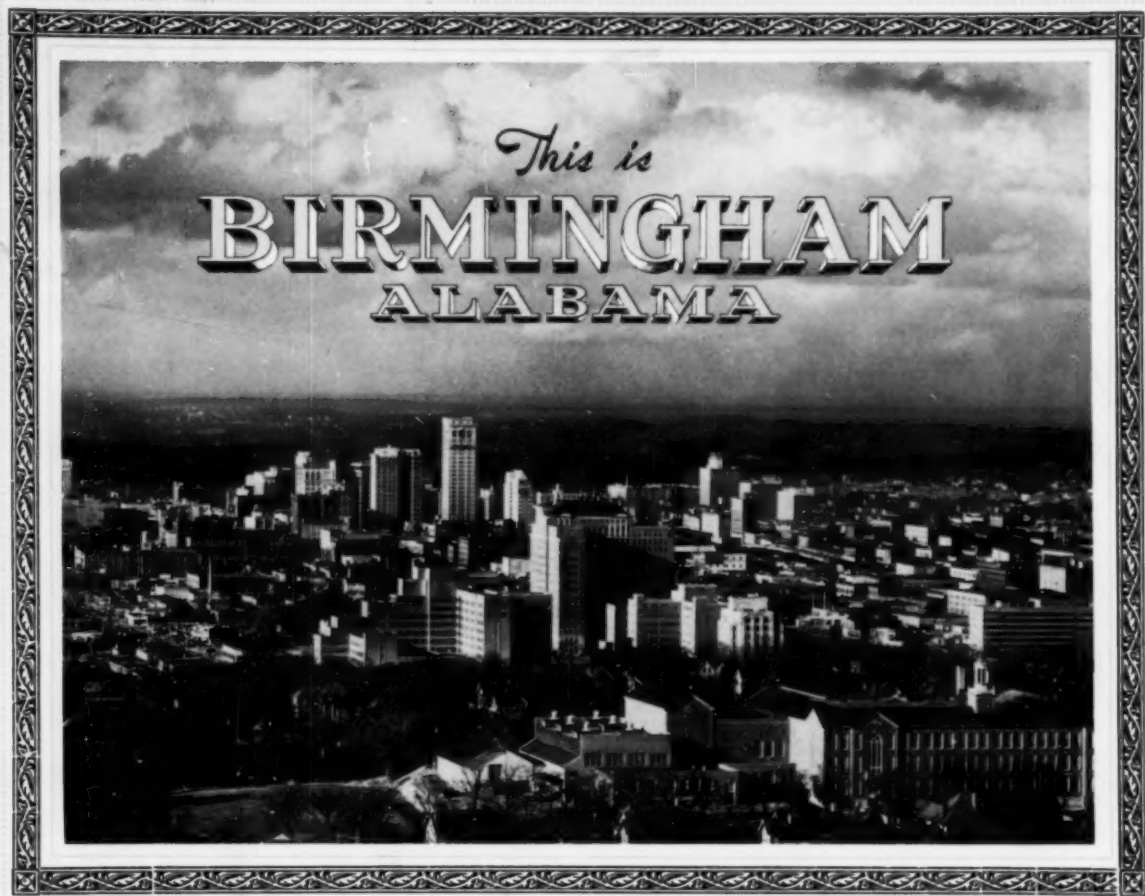


FEBRUARY, 1955



## *The Magic City*

*THE FIRST* white settler settled in Jones County, Alabama, in 1813 and the settlement became the city of Birmingham. The fabulous growth of this settlement into a great city resulted in Birmingham's being known as *The Magic City*. Today, Birmingham is the industrial center of the Southeast and is one of the world's largest steel producing centers. It is the only place in the world where coal, iron ore and limestone, the three essentials for making steel, are found in an abundance.

Adjoining Birmingham are several small municipalities which give the community a population of some 600,000. There are 80 schools, 670 churches and 13 colleges and universities. The residential sections are some of the most beautiful to be found anywhere. Many of them are located on picturesque

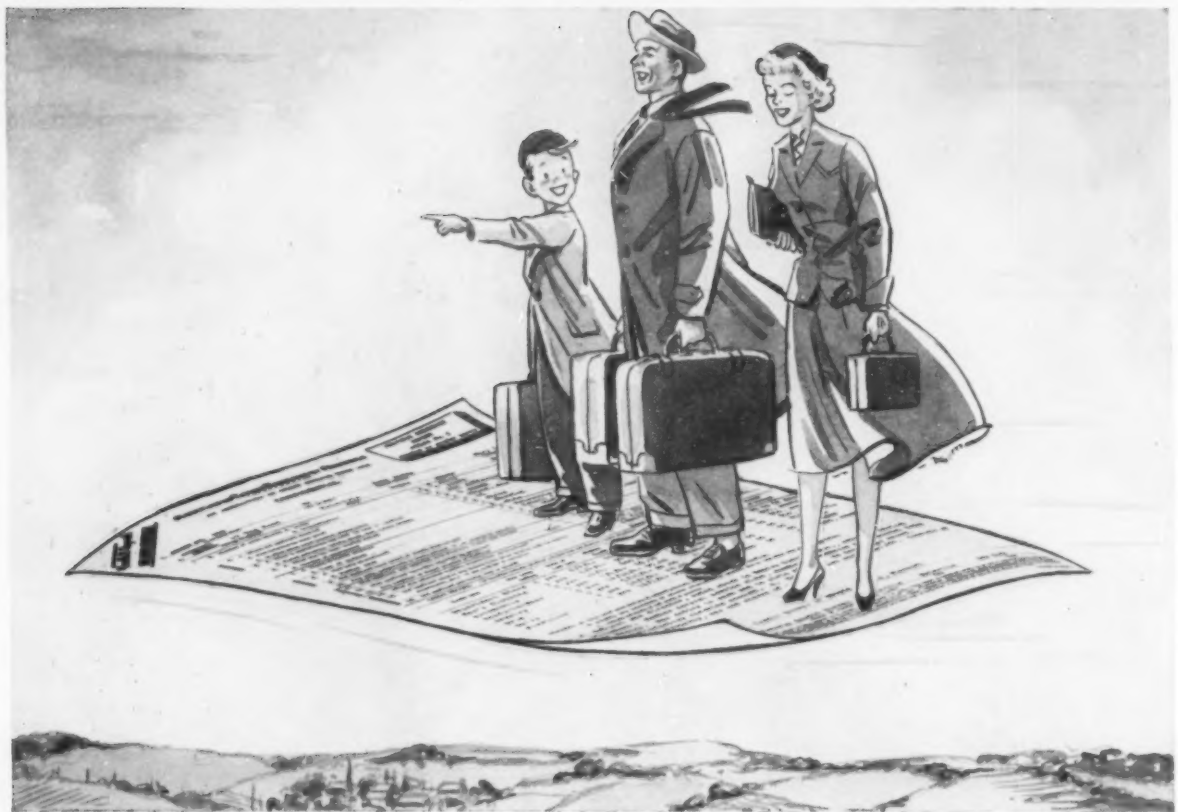
mountain sites that make them uniquely beautiful.

For recreation, there are numerous public golf courses, tennis courts and several beautiful country clubs plus a Southern Association Baseball Club and a Civic Symphony orchestra for music lovers. The medical center, in which the Medical College of the University of Alabama is located, is one of the finest in the nation. Birmingham is a wonderful city but the nicest thing that can be said about it is that it is just a fine place to live.

Birmingham is the home of the Associated Retail Credit Managers, a member of the National Retail Credit Association since 1917. The Association meets weekly. W. V. Trammell, Secretary-Treasurer, has served in that capacity for 38 years.

# CREDIT WORLD

ONLY PUBLICATION SERVING THE ENTIRE FIELD OF RETAIL CREDIT



## **Factbilt Flying Carpet - - a Previous Residence Report**

A Previous Residence Report from your local credit bureau is a Factbilt flying carpet for those newcomer customers who want to establish credit in a new town.

A Previous Residence Report gives you facts from the bureau in the city your customer moved from—facts which tell you the newcomer's employment prospects, obligations, pay habits, other pertinent details. With the same information available on out-of-town owners as on local customers, you don't have to worry about granting a large amount of credit in a short time.

Many customers are moving from one town to another. And many customers suddenly want to make a large purchase while on a trip. In either case, they buy from the merchant who accommodates them first—and best!

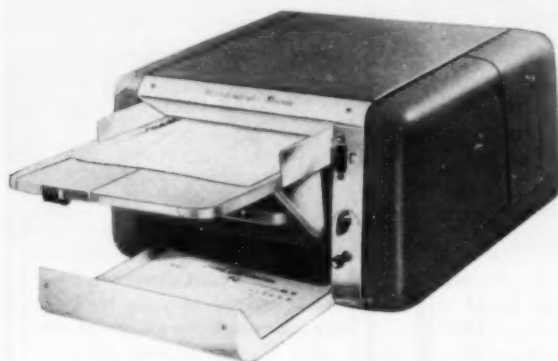
Depend on your local credit bureau to tailor its reports for the particular credit situation involved. Get the facts—then relax.

*Factbilt reports from affiliated credit bureaus in*

**ASSOCIATED CREDIT BUREAUS OF AMERICA INC.**  
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Microfilming saves 99% of the filing space needed for original record files . . . assures complete and accurate customer records that are easily accessible over the years.

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Room 1249, 315 Fourth Avenue, New York 10, N.Y.

# The CREDIT WORLD

REGISTERED IN THE UNITED STATES PATENT OFFICE

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

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Number 5

## In This Issue

Birmingham Number

### Eight Feature Articles

	PAGE
Ramblings . . . . .	4
Leo M. Karpeles	
The Growth and Work of Birmingham's Credit Bureau . . . . .	5
W. V. Trammell	
A Good Charge Customer Is a Firm's Biggest Asset . . . . .	6
Frances C. Calhoun	
Stars Fell on Alabama . . . . .	8
Mrs. Pat Hughes	
Looking Back on More than 25 Years of Community Service . . . . .	9
W. V. Beddow	
Birmingham's Committee of One Hundred . . . . .	10
William P. Engel	
Character Is the Basis of Credit . . . . .	11
W. Foster Jordan	
The Psychology and Strategy of Collecting . . . . .	30
M. Czerwoniak	

### Five Other Highlights

Louisville—On the Falls of the Ohio . . . . .	14
Conference Registration Blank . . . . .	15
Louisville Hotel Rates . . . . .	15
What Is the Most Important Credit Problem for 1955? . . . . .	16
Credit Flashes . . . . .	20

### Seven Departments

The Credit Clinic . . . . .	22
Local Association Activities . . . . .	25
Credit Department Letters . . . . .	26
Items of Interest From the Nation's Capital . . . . .	28
Comparative Collection Percentages for December . . . . .	29
Editorial Credit in Canada . . . . .	30
Editorial Comment by L. S. Crowder . . . . .	32

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## EDUCATIONAL STICKERS

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### YOUR CREDIT RECORD

is the measuring stick by which all credit granters judge you.

Do you realize that your failure to pay this account may affect your credit standing?

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THIS STATEMENT COVERS TRANSACTIONS ON YOUR ACCOUNT FOR THE PERIOD ENDING ON BILLING DATE. AMOUNTS BELOW SHOW PAYMENTS MADE OR DEBITED AFTER THE BILLING DATE WILL BE CREDITED ON NEXT MONTH'S BILL.

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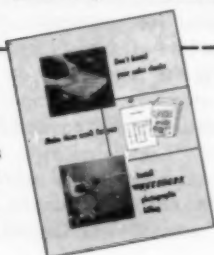
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City \_\_\_\_\_ State \_\_\_\_\_

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# Ramblings

**Leo M. Karpeles**

**Vice President, Burger-Phillips Company  
Birmingham, Alabama**

**Past President, National Retail Credit Association**



**P**OSSIBLY the only reason this article is appearing in this particular issue is the fact that over 15 years ago I was President of the National Retail Credit Association. I do not propose to be historical, nor do I fool myself into thinking that I could preach a "Credit Sermon." During nearly 40 years of credit contacts, however, many experiences have befallen me, so I would like to ramble in my recollections and pass on to you some of my reactions.

Retail credit granting has gone through a number of cycles since World War I. There have been periods of expansion and contraction; periods of government regulations of consumer credit; a period of "community credit policies"; and now we seem to be in a period which might be termed "A transition from 30-day or open accounts to unlimited installments."

During the decade of the twenties, there was a tremendous expansion of consumer credit, together with the first real progress in retail credit reporting, accompanied by the first real cooperation between retail credit granters. With the collapse of the stock market and failure of many banks, the soundness of retail credit granting was proved in the small ratio of retail credit losses, as compared with wholesale credit losses, bank loan losses, mortgage losses, and others. Not only were the charge-offs small in comparison, but recoveries were large in later years, due to the fact that character was the primary basis for most consumer credit.

Out of the chaos of the early thirties, the National Retail Credit Association proposed and developed the idea of community credit policies under which the granting of consumer credit was stabilized during a period of expansion. Retail credit granters learned that they could prosper and still compete, even while working under uniform or nearly uniform practices.

In the forties came World War II, with government control of consumer credit. While these regulations reduced consumer accounts outstanding, they had a tendency to funnel merchandise which was in short production into the hands of the wealthy. Many of the middle and lower classes were thus deprived of obtaining not only luxuries, but even necessities, on account of the strict enforcement of Regulation W. This condition, on the other hand, had a most salubrious effect on the entire citizenship of our country. During this period, billions of savings and investments were created, through, primarily, the purchase of government securities. Millions of our people, in all strata of life, became investors, for the first time in their lives.

During the latter forties, very little of these savings and investments were liquidated. As merchandise of all kinds became more plentiful, credit was again expanded,

resulting in an all-time high, in both consumer purchasing and consumer credit. Each year total savings and total government bonds in the hands of consumers have increased. This has created a tremendous backlog of potential spending money which could be tapped in times of recession.

Again in the early fifties, the government felt the necessity of re-enforcing credit regulations during the period of the Korean Conflict. These regulations were not as stringent as those of World War II, and were removed quickly in order to keep our domestic economy and consumption in proper balance.

Having brought you up to the present, I would look back in retrospect at an organization which has had a major influence on consumer credit for nearly fifty years. The National Retail Credit Association has been the focal point for credit executives in every division of consumer credit extension. Through conventions, national and sectional, through educational classes and textbooks, through its many local Associations, not only the theory but the actual practice of sound retail credit and collections has been fostered. To the young and inexperienced credit granter, I say that only through cooperation with other credit granters, through the study of such literature and magazines as are available, and through taking advantages of attending classes, conferences, and conventions will you improve your ability and accomplishments.

To the experienced credit granter, I say: It is your duty to continue the contacts and cooperation which helped you so much when you were young and inexperienced. Though you have reached the top of your profession, you can still learn; and by giving of yourself and your experience to others, you can partially repay the help which you received in your rudimentary years in credit. Do not measure your success from collection percentages or charge-off ratios, but analyze the over-all results of your operation. These should consider volume, ratio of charge to total sales, financial requirements of your individual organization as to collection-and-loss ratios, and, last but not least, the public relationship effected by the operation of your department.

Finally, as the executive in your own organization responsible for your firm's investment in accounts receivable, responsible also for production of credit volume through proper promotional efforts, realize that you have also an obligation to the debtor. Assist him in maintaining a satisfactory credit record; counsel him, should he find himself in financial straits; advise him if he has made mistakes.

If any remark in this article has provoked thinking on your part, I will feel that I have made a contribution to this "Birmingham" copy of *The CREDIT WORLD*. ★★★



# The Growth and Work Of Birmingham's Credit Bureau

W. V. Trammell

President and General Manager, Merchants Credit Association of  
Birmingham

Treasurer, Associated Retail Credit Managers of Birmingham

**J**UST BEFORE the turn of the century, 1899, the Butchers and Grocers Association founded the first Credit Bureau in Birmingham. It operated under this name until 1908, when the credit reporting division was absorbed and incorporated under the name "Merchants Credit Association." W. V. Trammell became manager of the association in 1918, with less than a handful of employees and files containing about 35,000 names. Today, in proportion to the trade population, we are recognized as one of the larger credit bureaus, with 130 employees and 750,000 files. Back in 1918 we boasted about processing 14,386 reports for the year. Now we process this many reports in 10 days.

The Merchants Credit Association is proud of the completeness of information contained in its files. It has always been our practice to spare no expense in posting every item affecting a person's credit record to his individual master file. A typical master file shows past and present residence addresses, history of job employment, approximate income, list of all reported credit accounts and how they are paid, where he has borrowed money, record of any bankruptcy, garnishment, or debtor's petitions, real estate holdings, mortgages, chattel mortgages, police records, suits, tax liens, judgments, and newspaper clippings.

"M.C.A." service is available to all types of retail business, from the multi-million-dollar department store or steel mill to the one-man gasoline station, as well as to doctors, dentists, and hospitals. To serve this wide variety of members better we have tailored our reporting service to meet the needs of each user. Of course, the largest volume of reports are oral; these are handled by a complex telephone system consisting of a PBX board, three separate 100-key systems, a number of straight business phones and 15 direct lines. Written reports of outstanding quality have long been the goal of this Bureau. These include FHA, GI, and Mortgage Loan reports, oil reports, personnel reports, inter-bureau reports, and a variety of others.

## Importance of Up-to-date Credit Information

The importance of community merchants and the valuable credit information they contribute to the Bureau files has long been recognized. To serve these numerous outlying members better, Birmingham is divided into four district areas and a special weekly bulletin is published about the residents of each area. Each bulletin contains court records and changes of addresses for keeping tab on old customers; new arrivals and departures; plus the building permits for sales promotion leads.

The *Daily Commercial Journal and Business Tips*, a publication of the Association, has been an outstanding service to all types of businesses for more than 35 years. It is primarily used for sales promotion. Special emphasis is given to newcomers, home buyers, building permits,

marriages, and births. In addition, it includes all types of court records.

The *Blue Book*, a ready reference or credit guide, is published in loose-leaf form, approximately one-quarter of the book being revised at a time. This book includes a variety of ratings from members and also indicates those individuals who have filed Bankrupt or Debtor's Petitions within 10 years.

A well-known axiom, "there is no substitute for experience," is especially true in credit bureau work. Among our greatest assets, the Credit Bureau of Birmingham values the experience of our employees. Thirty years is a long span out of anyone's life. Seven employees have spent 30 years or longer with the Bureau, six others have 25 years' service, and several have more than ten years' experience. Aside from regular duties, various employees have held offices in National, District, and State Credit Organizations. W. V. Trammell formerly served as director of the National Association and Mrs. Pat Hughes was national president of the Credit Women's Breakfast Clubs of North America in 1949-1950.

The Bureau takes an active part in all activities of the Associated Retail Credit Managers. W. V. Trammell has been secretary-treasurer for this organization since 1918. The close cooperation between these two organizations has meant much to the Bureau and to the improvement of credit relations and conditions in Greater Birmingham. The Bureau is the nerve center of a check-warning system through which over 100 firms are notified, within a matter of minutes, of bad-check passers.

For over 20 years the Bureau has published, from its own printing department, *The Credit Reporter*, often referred to as a leading credit educational medium, mainly because the articles are written by local credit managers who give "down-to-earth" experiences and facts geared to local problems. Many of these articles have been reprinted by other Bureaus and published in various national magazines.

Organizing credit bureaus in other towns has been of special interest to W. V. Trammell. He established credit bureaus in seven other Alabama and Mississippi towns which were operated under his guidance for a number of years.

The Credit Bureau of Birmingham has come a long way. As they say it down South, "It was a tough row to hoe." The Magic City for many years was a one-industry city, the greater portion of her income dependent upon coal, iron, and steel. As the market fluctuated, so did employment. This won her the title, "Birmingham. Boom or Bust." Conditions like this made the credit manager's job more difficult. In fact, in Birmingham, instead of three "C's" of Credit we had four "C's": (1) Character, (2) Capacity, (3) Capital, and (4) Conditions. ★★★





## A Good Charge Customer Is A Firm's Biggest Asset

**Frances C. Calhoun**

**Vice President-Secretary, P & S Apothecary and Supply Co.  
Birmingham, Alabama**

**W**E ARE NOW making every effort to hold our present charge customers and then add as many new ones as possible through solicitation. As you know, it is much harder to keep an old customer than it is to get a new one. All of our employees are taught to take a personal interest in every customer, be neat in appearance, courteous, exact, and know what he is talking about whether it is over the phone or in person. Also, to thank the customer and show our appreciation for his patronage.

We are all "charge account minded," including the pharmacists and clerks. We talk it, lunch with it, and even walk with it in our dreams. All employees can get new customers by being enthusiastic, and they can lose good customers by being neglectful. By being tactful and contacting your customers constantly we have found that you will be better able to keep the ones you have and get lots more.

Here are a few of the methods we are using to try to hold our present "charge customers." I say charge customers because cash customers are anybody's customers. We continually remind them that we carry only the best quality drugs in all of our apothecaries, and their physician is invited to inspect the drugs that we use in compounding their prescriptions as we will not substitute a drug in a prescription under any circumstance; that only competent, registered pharmacists are employed so that their prescriptions are filled accurately; prompt delivery service, rain or shine, and prescriptions are called for and delivered at no additional charge.

Customers who have not used their charge account in 90 days get a "Missing You" letter asking them if there is anything wrong, and if so, to please tell us just what it is, as we carry items other than prescriptions and sickroom supplies. After they have started charging again a "Thank You" or an "Appreciation" letter is written them. These letters have revived a number of inactive accounts. The following expressions are used in some of our promotional letters: "Thanks for being our customer—it is always a pleasure to be of service to you." "Any time we can be of service to you it will be our pleasure." "Our sincere hope is that it will be our pleasure to continue to serve you." "Please accept our sincere thanks for this opportunity to serve you." "You have

been missed and we wanted you to know it." "We are constantly striving to give you the best service and merchandise obtainable, so if there is anything wrong at any time, we will thank you to tell us about it." "After all, our livelihood depends upon you, so again, thank you very much for trading with us." This one is sent to doctors only: "You are invited to visit our apothecaries and inspect the drugs we use in your prescriptions. You and your patients deserve the very best, and you will get this at P & S."

To customers who get invoices instead of statements (such as hospitals and business firms), invoices are sent promptly each day so there will be no complaints. If we happen to make an error on a customer's account, we phone or write him immediately and apologize as this will cause you to lose a customer quicker than anything else. Customers who move out of the city are told or written that we can still fill or refill their prescriptions as we have a Mail Order Department that is well equipped for mailing prescriptions and sickroom supplies. Numerous prescriptions and sickroom supplies are mailed daily throughout the United States, Canada, Mexico and overseas.

When a customer over-pays his account, we immediately contact him to see if he would like a refund check or leave it on his account to be traded out in the future. Occasionally a drugstore or another apothecary will request a copy of a prescription of one of our customers. We give them this copy, but within a few days we phone the customer and ask him if anything is wrong, to cause him to take his prescriptions to another store. Death notices in the newspapers are checked daily and if one of our customers dies, a "Sympathy" card is sent to the family.

### **A Gift for the New Baby**

To all of our charge customers who have a new baby, a letter of congratulations is sent along with a baby gift, and a Birthday Card is mailed to the child each year until he is eight years of age. On the first day of January each year we mail to our charge customers a card which tells them the total amount of money they have paid for the previous year to be used for income tax purposes if they have had a sufficient amount of medical

## **Plan Now to Attend THE 41ST ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE**

**THE KENTUCKY HOTEL, LOUISVILLE, KENTUCKY, JUNE 20-23, 1955**

**National Retail Credit Association**

**Credit Women's Breakfast Clubs of North America • Associated Credit Bureaus of America**



expense for deduction. We have found that our customers appreciate this more than they do the Christmas card we formerly sent them. Also, by doing this, we have revived some inactive accounts and have secured a number of new ones.

When a good customer's account is past due, we do not send him a past due notice, we send him a letter of appreciation for trading with us as this letter states: "After all, our livelihood depends upon you." Or, maybe we will send him a "Missing You" letter as they usually stop trading with you when they owe you. These two letters get results. We try to avoid the idea that just because the account is past due the debtor is dishonest, as he was honest when we opened the account. Before we really send regular collection letters, we get an up-to-date credit report on the debtor from the Credit Bureau so that we may know his status with other creditors. I think one can lose customers by being too hasty.

Customers must be invited and appreciated these days. Through the Credit Department a new customer is made a guest of our apothecaries. He is written: "Your name has been placed on our list of preferred charge customers and any time you are in need of prescriptions or sickroom supplies, all you have to do is say 'Charge It!'" He is invited to visit our apothecaries and meet our courteous, registered pharmacists. We have comfortable chairs for our customers to sit in while waiting for their prescriptions or merchandise. Also, there is a credit desk in each store where the customer is invited to fill in an application for a charge account. The credit manager of our firm never sees the customer. When the customer applies for an account, it is through the silent credit desk, by phone, or his physician will phone in the prescription, say "charge this," and send it to him. We are making every effort to convert our cash customers, who have good credit ratings, to an account relationship by soliciting each one to trade on a charge account basis.

#### **New Account Solicitation**

We solicit home buyers, people who move to a good neighborhood, rosters of clubs and organizations, city and county teachers, C.O.D. mail orders from out of the city, auto licenses showing good locations, salesmen who solicit us, cash customers, newcomers to our city (they are sent a "Welcome to Birmingham" letter, which states a charge account has been opened for their use, and we will be very happy to write back to the city from which they came for copies of their prescriptions). On new births, where the parents' credit is not sufficient for opening a charge account, a list of the baby supplies we carry is mailed to them. Recommendations from doctors and our regular charge customers, names obtained from newspapers of people receiving promotions, coming in contact with people with whom we are acquainted, people who sign checks for firms who deal with our company, new members of our Retail Credit Managers Association, people who live on streets and avenues where we already have good charge customers.

In a nearby town where we opened an apothecary about three years ago, we solicited over 3,000 charge accounts from the city directory just before the opening. These names were in bold print and were names such

## **WHAT WILL 3¢ BUY?**

- An **EFFECTIVE** charge account solicitation letter, with a "built-in" application form.
- An **EFFECTIVE** reactivation letter with an easy-to-answer reply form.
- An **EFFECTIVE** collection letter with a handy return envelope for customer's remittance.

**Yes, you can have at this low price a complete Reply-O-Letter—**

**—You will spend LESS and you will get MORE RESULTS.**



For samples of  
**REPLY-O-LETTERS**  
used successfully by  
leading stores  
everywhere  
write to:

**THE REPLY-O PRODUCTS CO.**  
7 CENTRAL PARK WEST, NEW YORK 23, N. Y.

as doctors, lawyers, officers of banks and companies, professors and teachers, and people who appeared to have good jobs.

A credit application card is filled out on every customer by us whether the customer applied or we solicited the account. If it is a solicited account, the card states where the name came from, and when the account is used, the card is pulled and put into another file. On the cards that have not been used, a continuous series of solicited letters are mailed to them. One of the letters that gets results is called an A.N.U. (account not used). It reads like this:

"'Charge it, please, P & S.' That's what we'd like to hear you say the next time you need prescriptions filled or sickroom supplies. A charge account with us is for your convenience. It speeds up service, eliminates the bother of carrying money, and brings you an itemized statement of each month's purchases to be used for income tax purposes. We call for prescriptions and deliver them promptly without additional charge. Just phone 3-4248 or 54-4559. It will be our pleasure to serve you any time."

In our experience we find the direct mail method of credit sales promotion is the best and the least expensive. Also sales would drop substantially if solicitation were stopped. With competition as it is today we cannot stop soliciting.

We feel that our work has not been in vain as we have lost very few customers and have gained numerous new ones. We like to boast "Once a P & S Customer, Always a P & S Customer." ★★



# Stars Fell on Alabama

Mrs. Pat Hughes

Merchants Credit Association, Birmingham, Alabama  
Past President, Credit Women's Breakfast Clubs of North America

**S**TARS FELL on Alabama" on the night of March 28, 1938, when 64 young ladies, representing 20 business firms of Birmingham, Alabama, met at Hooper's Cafe for the first time to discuss the organization of a Credit Women's Breakfast Club. This meeting was the dream come true for some of our credit managers and other members of the Associated Retail Credit Managers who believed that what other cities had done Birmingham could do also.

On April 13, 1938, we held our organizational meeting and welcomed 53 charter members, of whom seven are still active in our club. The following year, we were able to have four representatives in Jacksonville, Florida, for the Southeastern Conference. The following year, 1940, the welcome mat was out in Birmingham for the Southeastern Conference. We were so proud that, as young as we were, we were able to accomplish such a pleasant task.

Throughout the years, we have had our "ups and downs" and, although we have not grown in number, we have grown individually and collectively in Faith, Vision and Courage. We were welcomed by the Credit Managers of Birmingham and by The Associated Retail Credit Managers as a group. Our members have served as officers on various committees and on the board of directors of this organization. In 1953, Elnor Martin, a past president of Credit Women's Breakfast Club of

Birmingham, was elected to serve as president of Associated Retail Credit Managers—the first time in the organization's history a woman has been given such an honor. She filled this office with dignity and ability and our Club is proud of her.

Our Club has been instrumental in organizing other Clubs in Alabama, including Mobile, Gadsden, and Tuscaloosa, all of which are very active at this time. We are proud, too, of the work these Clubs are doing. During our years of existence, we have furnished various officers, including the presidency of the State Association of Credit Women, Dixie Council of Credit Women, and The Credit Women's Breakfast Club of North America.

Locally, our own educational courses have meant much to each member. Many of our members attended the Credit Course offered by the National Retail Credit Association. Our education has been furthered also in Letter Writing Clinics, Public Speaking Clinics, etc. We have never felt the need to disband even for a summer vacation, for our attendance averages about 40 all through the year. One of the high lights of our year is the Harvest Breakfast, which is enjoyed on Wednesday morning before Thanksgiving. At that time, we especially remember someone less fortunate than ourselves and always share our blessings with a needy family. This act is repeated at our Christmas party, also. Although we are not a civic or a service club, we are civic minded and always enjoy rendering these little services.

For the past several years, our Club has selected a member of The Associated Retail Credit Managers to serve as sponsor. This has proved to be a great asset to the entire Club because it has brought about a closer relationship between the two organizations. In fact, the results have been so good that this year we have not one but three sponsors who seem to enjoy serving in that capacity as much as we enjoy having them. We know they will be a great help to us in entertaining the visiting Breakfast Clubbers at the District Convention. We are fortunate to have William V. Beddow, president of Associated Retail Credit Managers, George Allen, a past president of Associated Retail Credit Managers, and N. R. Brundrett, husband of our Club president and also an active member of Associated Retail Credit Managers.

We are well known as a Club in Birmingham through newspaper publicity, radio and television. We are now in the midst of great plans for the Southeastern Conference again in April of next year. Again Stars will fall on Alabama when our Dixie Council president, Mrs. Burmah Edwards of Gadsden, Alabama, will preside over the activities of the Dixie Council. The welcome mat will again be out and *you are invited.* ★★★

**MEMBER**

GUARD YOUR CREDIT  
AS A SACRED TRUST

National Retail  
Credit  
Association

## AN UNUSUAL STICKER

**THIS MOST UNUSUAL STICKER** has been designed for use by members.

They should be used on letter-heads of the credit department and on statements on which a previous month's balance has been brought forward.

**THIS STICKER** carries the prestige of the National Retail Credit Association and the slogan, "Guard Your Credit As a Sacred Trust," is an excellent educational message. Order a supply today.

**SHOWN ABOVE**, actual size, they are printed in the National's colors, bronze blue on gold gummed paper.

**Price, \$3.00 per thousand**

**NATIONAL RETAIL CREDIT ASSOCIATION**  
375 Jackson Ave. St. Louis 5, Mo.

# Looking Back on More Than 25 Years Of Constructive Community Service

W. V. Beddow

*Credit Manager, Porter Clothing Co., Birmingham, Ala.  
President, Associated Retail Credit Managers of Birmingham*



DURING THE SPAN of a "short lifetime," many of us are honored by our churches, fraternities, and different civic, social, and business associations. Several years ago I was honored by becoming a member of the Quarter Century Club of the National Retail Credit Association. This was next to the honor I received recently by being again elected to serve as president of the Associated Retail Credit Managers of Birmingham.

Our Association was organized in 1918 by our present General Manager-Treasurer, L. S. Crowder, of the National Retail Credit Association, and a few men who had the foresight and vision of Birmingham, Alabama, as destined to be one of the largest steel production centers of the nation. Likewise it was predicted that employment, unemployment, wages and labor problems naturally would cause many credit problems to develop. With this thought in mind a strong Association was organized and to this day it has remained strong. We still have the guidance and support of three of those individuals, the founders of our Association.

On July 1, 1954, when the new officers assumed their duties we had a membership of 110. By the nominating committee selecting a strong membership committee headed by Edward L. Goodman, secretary of Burger Phillips Co., we have obtained 46 new members for our Association and for the National Association as of the writing of this article. The membership committee consists of all the officers and the board of directors. Our goal is 100 or more by July 1, 1955. In addition to the membership committee we have 13 other committees. By the support and enthusiasm of the committees and the entire membership, Birmingham is going to have one of the largest Associations in the United States.

Every member realizes that through friendship and cooperation we can accomplish much. The problems of the merchants are many and no doubt are increasing due to the "leveling-off period" and the "selling of terms." The latter will require closer scrutinization of all accounts receivable. Although we discourage direct calls, each member feels at liberty to contact another member any time he is confronted with an unusual credit problem. The problem of dealing with the shoplifters, forgeries, and bad-check operators is on the increase. When such a problem arises, by our "grapevine system" we can notify all members in the Birmingham district within approximately 13 minutes. No doubt this procedure has curtailed their operation.

It is not the matured years of experience of any individual that may make his or her job or career successful. It is by enthusiasm, desire and the cooperation he receives from his associates. By this combination the Associated Retail Managers of Birmingham are already

on the road to having one of the most successful years in its history.

With a good possibility that our membership will continue to grow, all standing committees will be kept busy and on the alert to assist in the training of young people in all phases of retail credit procedure. Old Father Time takes his annual toll; therefore, we are obligated to all retail merchants and to the credit fraternity at large to train properly all young people who enter the credit field as a profession. No training can surpass that of actual experience. This form of training should be the means of obtaining the support of our Associations by the retail merchants of the United States.

Birmingham is looking forward to entertaining the Southern Conference April 17, 18, 19, 20, 1955. It has been 14 years since Birmingham has entertained the Southern Conference. In the meantime Birmingham has grown by leaps and bounds through the work of the Committee of 100. Not only this committee but likewise the City of Birmingham has become famous internationally.

Birmingham, a booming metropolis only 83 years young, has received the following titles:

The Magic City

Youngest of the world's great cities (now rates 34th in population among United States cities)

27th largest metropolitan area in the nation

South's third producer of electricity

One of the leading iron and steel outlets of the nation.

The welcome mat is out and you will be shown "how we do things" when you come to Birmingham. You cannot afford to miss this particular Conference.

## Emblem

E  
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o  
s



1 inch  
"Reverse"  
\$1.00



3/4 inch  
"Reverse"  
75¢



3/4 inch  
"Open"  
75¢

Order from

**NATIONAL RETAIL CREDIT ASSOCIATION**

375 Jackson Ave.

St. Louis 5, Missouri





# Birmingham's Committee of One Hundred

**William P. Engel**

*President, The Engel Companies, Birmingham, Ala.*

*Past President, Birmingham Chamber of Commerce*

A CITY OF 600,000 people with a new vision, a new spirit and an optimism that knows no bounds—that's Birmingham, Alabama. Physical evidence can be found on every corner indicating that Birmingham is really "going places," and today so truly typifies the revitalized, energetic new South. All of this is a new experience for a town that until just four short years ago was willing to rock along on a feast-or-famine basis, largely dependent upon a few heavy industries and with no plans for building a new and diversified economy.

This dramatic change in the Birmingham picture did not simply happen; it was brought about by the determined efforts of a group of civic-minded businessmen who organized the "Committee of 100," dedicated to bringing to Birmingham and Alabama new and diversified industries. Early in 1950 when this small group of civic leaders had completed plans for the formation of the Committee, a call went out to 100 businessmen and industrial leaders to attend a meeting to hear the story, and asking if they would serve on the Committee of 100. Ninety-seven of the one hundred invited attended this initial meeting. The other three men were absent from the city on business.

Acceptance of appointment on the Committee was especially significant because in presenting the plan no punches were pulled. This group was told that if called on for service on the Committee a member could refuse only if there was illness in his immediate family. It was also clearly outlined that if a prospective industry had a good reputation and made a good product, even though it competed with an existing local company, the Committee would endeavor to bring it to Birmingham. This question has come up many times since that day and there have been many heated discussions pro and con, but the Committee has never retreated from its original position, which has proved to be a wise one.

The Committee operated its first year with practically no budget or funds for promotion. Members of the Committee wrote hundreds and even thousands of personal letters to officials of firms on which the Committee was working. Many individual Committeemen traveled to various parts of the nation at their own expense making personal contacts and following up on cases where an interest had been indicated. The first year's results of Committee activities were highly satisfactory. Nineteen new firms were brought to Birmingham in this first twelve months' period.

Just before the beginning of the second year, Thomas W. Martin, chairman of the board of Alabama Power Company and one of the nation's honored industrialists, made a move which put the Committee on a permanent going basis. At a meeting of the Executive Committee of the Committee of 100, Mr. Martin placed a check for \$100,000.00 on the table with the proviso that the

community raise an additional \$400,000.00 to give the Committee a half-million-dollar operating fund for a five-year period. The Committee promptly accepted the challenge and fixed an early date for the raising of the money.

On a Monday morning, the entire Committee met in the auditorium of the handsome new Chamber of Commerce building and selected names from the 500 firms and individuals who were to be solicited for this money. At noon on Friday of the same week, just four and one-half days later, the Committee had in hand, not a half million dollars as stipulated by Mr. Martin, but \$652,000.00.

With adequate funds in hand, the Committee then proceeded to prepare attractive brochures and numerous other types of publicity citing the advantages of Birmingham. These brochures not only told the story of Birmingham's material advantages, but also outlined the desirable living conditions and the culture existing in Birmingham.

One original idea employed by the Committee was the printing each month of 40,000 small leaflets called check attachments, varying in form and copy each month and furnished to all of the larger merchants in the Birmingham area, with their individual imprints on them. These were attached to checks sent by merchants in Birmingham in payment for merchandise purchased outside the state of Alabama and 40,000 went out each month all over the nation telling the Birmingham story. The response to this program was dramatic. Hundreds of inquiries came in from this one item alone.

## **Work of Advertising Committee**

An Advertising Committee, headed by the city's leading investment broker and assisted by able advertising personnel, scheduled a series of advertisements in the leading Northern and Eastern magazines and newspapers. This has been a consistent, well-planned campaign which has continued each month with highly satisfactory results.

Now, with a little more than four years' operation behind it, the Committee points with pride to the bringing to Birmingham of 83 major industries, most of them a highly diversified nature, dozens and dozens of distribution warehouses of large national firms, hundreds of sales offices, and numerous branch headquarters of insurance companies. This influx of new firms to the Birmingham area has meant the employment of more than 16,000 men and women and the investment in plants and equipment in excess of \$160,000,000.00.

One of the greatest accomplishments of the Committee of 100 has been the effect that this work has had on the old or existing firms in this area. These new firms coming to Birmingham, building new streamlined, beautiful plants and office buildings, equipping them with the most efficient machinery and equipment, built a fire under the

(Turn to "One Hundred," page 31.)



# Character Is the Basis of Credit

W. Foster Jordan  
Chief United States Probation Officer  
Birmingham, Alabama

**R**ETAIL CREDIT EXECUTIVES are rendering a real service to our community and nation. In reality you control the purse strings of our nation. You are engaged in perhaps one of the largest businesses in America. Your profession and ours have much in common. You deal in dollars, and we work with life's failures and tragedies. We both have the same objectives—to assist people to assist themselves, and to establish security in the homes by providing people with modern, up-to-date opportunities.

Your business is indeed a big business. The present outstanding instalment credit indebtedness of America is well over \$21,000,000,000. The Federal Bureau of Investigation estimates the annual cost of crime in America to be around \$20,000,000,000. The judiciary is our last fortress for safeguarding the American way of life. The people of Alabama and our nation are fortunate in having men like Judge Lynne and Judge Grooms sitting as judges in our Federal Court.

Juvenile delinquency and crime are problems as old as mankind. Recorded history reflects that successfully guiding our children through the pitfalls of early life, assisting them past the temptations of adolescent life and into self-reliant adulthood is an ever present challenge to mankind. Few subjects have been so widely discussed by persons at all levels of educational attainment, and few problems have been so commonly shared by citizens of all nations in all periods of history.

Perhaps you would be interested in knowing the problem of delinquency and crime we are confronted with. The problem of delinquency and crime I am touching upon is a factual presentation. It is one of the most serious problems our nation is confronted with at this time. Approximately 2 per cent of all children in the United States, ages 10 to 17, were dealt with by juvenile courts in delinquency cases in 1952.

In 1952 the police of our nation dealt with one million children. Of that number, 385,000 boys and girls were brought to the attention of the juvenile courts in this country, the 385,000 children representing approximately 2 per cent of all children in the United States, ages 10 to 17. The boys outnumbered the girls five to one. Is juvenile delinquency increasing in the United States? The answer is yes.

The number of delinquent children appearing before the Courts in the United States between 1948 and 1952 increased 29 per cent. In 1953 young people under 18 years of age committed 54 per cent of the auto thefts, 49 per cent of the burglaries, 16 per cent of the rapes, 4 per cent of the homicide cases, and 5 per cent of the assault cases. The majority of the boys and girls who come before the courts through delinquent behavior are between 15 and 17 years of age. Of the 385,000 boys and girls who were referred to juvenile courts in 1952, 100,000 were placed on probation, and 40,000 were committed to training schools for delinquent children. The rest were either referred to other agencies or handled in

other ways.

The record for 1953 is more juvenile delinquency and more adult crime in the United States than ever before. According to reports for 1953, juvenile delinquency has risen again for the fifth consecutive year; 13 per cent more juveniles were handled in 1953 than in 1952. In 1953, 495,000 boys and girls were brought into the juvenile courts of our country. Delinquency and crime are community problems. Regardless of where the offense is committed or the institution to which the offender is sentenced, in time he will return to the community. Less than 3 per cent die in prison.

As children go, so goes the nation. What kind of nation will we have in 1972? The kind of nation we will have in 1972 will depend upon rearing the 53,000,000 infants, children and youth of today properly. The 53,000,000 infants, children and youth of today will be our leaders of tomorrow. By 1960 we will need some 271,000 extra teachers and thousands of new schools to handle the approximately 8,000,000 elementary and high school students.

There are three institutions on which rests the foundation of our democracy: the home, the church, and the

## Your Request

for credit was  
cheerfully granted.  
Our request for  
payment is made  
in the same spirit.



## A NEW STICKER

Here is a new collection sticker that can be used successfully by large and small firms and all kinds of businesses. The wording is cordial in tone and the appeal to fairness induces the willing cooperation of past-due customers. Printed in blue on a background of yellow the sticker has color-attractiveness as well as psychological appeal. The emblem of the N.R.C.A. gives the sticker added prestige and effectiveness. Be among the first in the nation to use this new sticker on your collection accounts.

Price, \$3.00 per thousand

**NATIONAL RETAIL CREDIT ASSOCIATION**  
375 Jackson Ave. St. Louis 5, Mo.

school. The home is the cradle of good citizenship, the place for training for wholesome living. The church is the mold of the wholesome life and the way of unselfish and successful living. The school impresses upon the child the value of home training, the need for a desire to be obedient, and prepares the individual to utilize his talents for economic security, for unselfish service to his fellow-man, and a life of happiness.

Character is the basis of credit. Character is a product. Character is the expression of outward acts which reflect the inner make-up of the individual. It is the established behavior pattern of an individual, and what the individual has done and what he will do under certain circumstances in the future. Character means dependability, trustworthiness, and truthfulness. You extend credit on the basis of character; in our work we develop programs for rehabilitation of individuals on the basis of their character.

I would like to tell you an interesting story. There is an interesting bank robber in one of our institutions who almost every time I interview him raises a provocative question. He is a man of no mean ability at his trade, having robbed successfully a number of banks with great deftness. He selects his victims with such great care and plans his work so painstakingly you involuntarily say, "What a pity that such ability could not have been channeled into something more useful for himself and society." Not long ago he came to me with the request that I do something to help him obtain release from the long sentence he was serving. When I asked him why he thought I should help, he astonished me by saying that he was essential to our economic system and should therefore be released.

He then went on: "Now just suppose everybody were

honest and there were no bank robbers—think what that would mean. First of all, you would be out of a job and so would most of the judges, probation officers, and parole officers, as well as a large number of policemen and law enforcement agents. Also the safemakers and the locksmiths would be out of business. Moreover, if there were no bank robbers and everyone were honest there would be no banks. If there were no banks there would be less money to lend and business would surely suffer. A whole series of other businesses like insurance companies, bonding companies, detective agencies, and so forth, would have little business. Indeed, our whole economic structure would collapse or at least need drastic reorganization if there were no bank robbers and everybody were honest!" Bank robbers, he claimed, were the catalytic agents responsible for the synthesis of the entire economic structure and, therefore, he should be allowed to carry forward his mission.

Having lots of time at his disposal, he had evolved an interesting theory, something on which you can ponder. But so long as society is organized as it is and men are acquisitive, envious, and selfish, I am afraid we do not need to worry about the Utopia he pictures. Crime will be with us for a long time and it is our task to see how we can redirect such geniuses as I have described into more legitimate channels.

One of the interesting things about my bank-robber friend was that his activities were nationwide in scope. He operated with equal facility in Vermont, California, Georgia, Minnesota, and Texas. He took into account every weakness, calculated every risk, and figured every angle. It follows, then, as night the day, that we who are in the field of crime control and crime prevention should do likewise. And we should do it together.

## CREDIT WORLD BINDERS

THESE NEW BINDERS, which we have recently purchased for our Members, are the pamphlet type with stiff blue fabrikoid covered sides and the words "The CREDIT WORLD" lettered in gold on the backbone. Each Binder will hold twelve issues. There is an individual wire for each issue which can be easily inserted. Every member should have one of these Binders for each volume or each year.

THESE BINDERS may be kept on your desk or in your bookcase for ready reference. When you have this Binder at your finger tips you do not have to fumble around for your CREDIT WORLD for last November. It will be there with all the other current copies. Order one today while you have your issues for 1954 still available.

**ONLY \$3.00 POSTPAID**

**NATIONAL RETAIL CREDIT ASSOCIATION**

**375 JACKSON AVENUE**

**ST. LOUIS 5, MISSOURI**

The causes of delinquency and crime are pretty well known to all of us. We all know the tragic pay-off of criminal acts and juvenile delinquency. It means broken homes, broken lives, distorted personalities, and a community whose environment is not conducive to successful living. To control crime after a criminal act has been performed is as non-essential as restricting fire control to fighting a fire after it has started, or treating a disease when it could have been prevented. The granting of credit is a real art of salesmanship. The art of salesmanship is to know and understand people as they are. We can do little to assure the peace of the world if our own country does not possess internal strength and fortitude.

You credit executives are engaged in character building. You also are assisting in stabilizing the home life of our country. In the execution of your duties you have brought happiness, encouragement, and opportunities into the home life of millions of Americans. Many homes have refrigerators, electric stoves, washing machines, radios, and TV sets because of the credit extended them. Many families are presently enjoying the comforts of their homes because of extended credit and your consideration. The building of homes and the building of character are great assets to our nation. Each of you has contributed to that great cause. The success of our country is dependent upon our home life, and you have shared in making those opportunities possible.

Man cannot live alone. We are living in an extremely complex society. The separate acts of individuals affect the entire group and the community. We have found 87 out of every 100 defendants who are placed on probation in the United States District Courts make good. Some 21 per cent of offenders who are released on parole fail to make a successful adjustment and are returned to the institution as violators. Many times we have found offenders released from correctional institutions on parole are in need of a good many of life's necessities. From the standpoint of character risk they would make good customers. They pay their debts. In counseling and working with those under our supervision, we are careful to advise them so they will not exceed or live beyond their income. Here again you play an extremely important part in the life of our community. In advising an individual relative to credit, to keep that person within his income is a real service to the individual.

#### **America Is a Great Christian Nation**

America is the greatest Christian nation in all the world. Our God has showered blessings upon the peoples of this great land. He has given us blessings beyond all hopes or expectations. The strength of any nation is dependent upon his obedience to the God who has blessed mankind in so many ways. In the midst of this blight on our society and in the midst of the increase in delinquency and crime, I believe and have a firm conviction that our God will continue to use our nation as long as the Christian principles known to each of us are honored and respected. I am convinced that our country has reached a point in our history when we should come to a dead stop and take stock of our obedience to God, our faithfulness to our churches, our devotion to our families, and our service to our communities.

The church and the Sunday school are the answers to the problem of delinquency and crime. No child is born

**Write for Low-Cost Test-Plan! Compare!**

**27th** success-year with Hecht's; Foley's; Jordan Marsh; May Co.; and other top stores, large and small.

For ace Akron store, our unique mdse.-fashion approach opened

**11,000 NEW CHARGE ACCTS.**

for **50¢** each

**3000** New Accts. opened for Goerke's, N. J. **\$301,000**  
bought during the first year alone

**WE REVIVE 50% to 70% INACTIVES**

**3725** (50%) Inactives in famed Texas store **\$241,000**  
bought within six months, at 1/2% cost

**LESTER brozman COMPANY**  
160 FIFTH AVENUE, N. Y. C. 10

delinquent. Delinquency develops. The only real cure for crime is changing the hearts of men. America's last frontier is the American youth. We must teach our children respect for God; to honor and love the church, and we must teach them a greater respect for law and order.

The services you render our citizens and the work we are engaged in are simply services to make our communities and nation a better place in which to live. Unfortunately there are signs of a dangerous type of philosophy creeping up in our society. It is, "What can I get out of a given business?" Or, "What can I get out of my community? What does a certain proposition mean to me?" Too many of our young people are choosing their life's professions on that basis, "What is there in it for me? How much money can I make?" and, "What can I get out of it?" Instead, we should constantly think of, "What can I give to make my home a better home? What can I give to make my business a better business? What can I give to make my church a better church? What can I give to make my community a better place in which to live?"

You are engaged in building the future of our country. Where credit is extended on the proposition that character is the basis of credit, and coupled with sound business techniques, our economy shall continue to be stabilized. All of us must constantly give thought to understanding the individual persons we deal with. Through the many facilities you have, the understanding of the individual is not as difficult as it might appear. Your activities are daily reaching into and touching the home life of our country. Where credit is extended on the basis of character it develops a stronger faith in all parties concerned.

There is the story of a little girl who rode with a businessman in a carriage of the famous Scottish train, the "Flying Scotsman." As the train gathered speed, it rocked and swayed until the businessman became quite nervous. Glancing across at the little girl, he saw that she was quietly playing with a toy and softly humming to herself a child's song. At last, he said to her, "My lassie, aren't you afraid with the train going so fast and rocking so much?" With a look of disgust in her eyes, she firmly replied, "Of course I am not." "Why not?" the man persisted. "Because my father is the engineer," she answered. You credit executives are the engineers of our credit system. ★★★



# Louisville—On the Falls of the Ohio

MEMBERS AND GUESTS attending the 41st Annual International Consumer Credit Conference in Louisville, Kentucky, June 20-23, 1955, will be interested in historical high lights of the city.

Robert Cavalier, Marquis de LaSalle, was the first white man to view the great rapids of the Ohio River at the present site of Louisville in 1670. In 1768, almost a century later, Captain Thomas C. Bullitt made the first survey of the site. But it remained for General George Rogers Clark to found the first settlement in 1778, when he established an 18-village base at Corn Island while heading westward to capture Kaskaskia, Cahokia, and Vincennes. Returning to Corn Island after the conquest of the Old Northwest, Clark established a more pretentious stockade, known as Fort Nelson, at the foot of what is now Seventh Street. The city was named for Louis XVI of France.

The first city charter was granted in 1779 by the Virginia legislature, when Kentucky was a part of that state. By the time Kentucky entered the Union as the 15th state in 1792, the Louisville wharf had become a busy place. The office of Falls Pilot and Harbor Master was created in 1797. Two years later Louisville became an official port of entry with a regular revenue collector. Overland stagecoaches came daily and Michael Lacasagne opened the first post office in his home.

## **The Era of "Firsts"**

By 1800 roads had been built to Lexington and Bardstown. The first ocean-going sailship arrived from Elizabethtown, Pa., and an era of "firsts" began in Louisville. Samuel Vail published the first newspaper; the first church was built by the Methodists; the first theater was opened; the first circus came to town; and the city trustees imposed the first amusement tax upon the circus owner to support volunteer fire companies. John J. Audubon came to Louisville in 1808 and produced some of his first famous bird pictures. The town subscribed \$444.00 to build the first bridge across Beargrass Creek and in 1810 it hired its first policeman.

Between 1810 and 1820 Louisville's population grew from 1,397 to about 4,000, due primarily to waterfront activity. Main Street became a thriving business center and an export business was soon developed. The first steamboat, *The Orleans*, docked at the city wharf in 1812. Main Street was paved and all the streets were named. In 1840 Louisville became the first city in the West and fifth in the country to use gas lights. During the following decade Louisville was the biggest tobacco and pork market in the world. The 1850's saw the advent of the railroads. During the Civil War period, Louisville became known as "the Gateway City" because of large troop movements by rail. By 1870 the population had reached 100,000 and seven persons were paying more than \$50,000 a year in taxes. Manufacturers and business interests sponsored the Industrial Exposition of 1872, a year after the founding of the Jeffersonville Quartermaster Depot. This was followed in 11 years

with the Southern Exposition, when President Chester A. Arthur threw the switch that lighted a public gathering by electricity for the first time. By that time, sawmills, tobacco factories, breweries, distilleries, brickyards, chair factories, a brass foundry, a sugar refinery, and a nail factory had been established. A Tobacco Jubilee was held in 1885 to celebrate an annual market sale of more than \$100,000.

Louisville held a position of military significance during World War I because of Camp Zachary Taylor. Bowman Field, the first airport, was built in 1918 and the first airplane landed there a year later. Fort Knox, present United States gold depository, was founded the same year. The 1920's saw a new era of suburban development. Radio was an infant in 1923 when the first local station attained national importance. World War II brought many new industries to Louisville, including "Rubbertown" development and the Naval Ordnance Plant. Many remained after the war and Louisville lost its identity as a sprawling country city. It is one of the few cities in the country with factories representing each of the 20 industrial groups listed in the United States Census.

The July, 1952, estimate of the population was 386,100, while the number in the metropolitan area is 593,300. In 1950, Louisville ranked 30th in population in the United States. The postwar period emphasized the city's housing needs, zoning, parking, streets, traffic, and other civic problems. The Louisville Chamber of Commerce was formed January 1, 1950, from a consolidation of the Louisville Board of Trade, Retail Merchants Association, Louisville Convention Bureau, and the Louisville Area Development Association to work on these and other matters.

## **The Home of the Kentucky Derby**

Louisville is the home of one of the world's great sports events, the Kentucky Derby, and ancient, sprawling Churchill Downs is one of the oldest race tracks. Here on the first Saturday of each May, when the warm breezes bend the famous Bluegrass, the finest three-year-old horses in the land fight it out for what is, no doubt, America's most coveted racing prize. The first race at Churchill Downs was run May 17, 1875, the day H. P. McGrath collected \$2,850 when his chestnut colt, Aristides, won the inaugural Derby. The winner of the 1954 race netted over \$90,000. A crowd of 10,000 saw the first Derby, in the year Ulysses S. Grant occupied the White House as President. Churchill Downs' 180 acres, only 10 minutes from the heart of Louisville, were outside the city limits in 1875. Now the limits extend far beyond the track where the Derby now attracts nearly 100,000 persons annually.

Land on which the track is located was bought from the Churchill family and the course originally was known as the Louisville Jockey Club. Several years later a writer gave it the name Churchill Downs and it has been known thus ever since. First portions of the present-



day clubhouse and grandstand were constructed in 1896. Now various stands, seats, boxes, and bleachers extend from the head of the stretch to partway round the first turn, over three-eighths of a mile. Behind the spacious grandstands are the famous gardens, where grow bright tulips in plots surrounded by benches for weary horse players. A huge "tote" board shows the better the latest odds. Inside the oval itself is the infield, where special stands are erected for Derby Day. Thousands more will stand or sit on benches or the grass. At the winner's circle in the infield there is a huge flower horseshoe of red roses, into which the victorious horse will stride after the Derby has been run.

## Louisville Hotel Rates

**L. S. CROWDER**  
*General Manager-Treasurer*

Delegates to the Louisville Conference who have not yet made hotel reservations will be interested to know that the Seelbach and Henry Watterson Hotels are within a half-block of the Kentucky Hotel. The Brown Hotel is five or six minutes' walk from the Kentucky. The Henry Watterson is directly across the street from the Kentucky and arrangements were made by Carson L. Bard for one hundred air-conditioned (recently installed) rooms in that hotel. The rooms have been newly decorated and many are completely refurnished.

On my visit to Louisville in December I examined a number of the rooms at the Henry Watterson and am satisfied our members will be well pleased with the accommodations.\* No extra charge is made for air-conditioned rooms.

On a previous visit I examined rooms at the Seelbach Hotel and they are also desirable in every respect, having been refurnished and decorated within the past two or three years. Air-conditioned rooms assigned to us by the several hotels will be ample to take care of all out-of-town registrations.

Rates, as you will note below, are reasonable, as compared to comparable hotels in other cities.

### KENTUCKY HOTEL—Headquarters

Single room	\$ 5.00 to \$ 8.50
Double room	\$ 8.00 to \$14.00
Parlor suites (All assigned)	\$16.00 to \$18.00
All air-conditioned rooms have been assigned.	

### BROWN HOTEL

Single room	\$ 5.50 to \$10.00
Double room	\$ 9.00 to \$14.00
Parlor suites	\$16.00 to \$25.00
(double)	\$18.00 to \$25.00
Air-conditioned rooms at \$1.00 per room additional.	

### HOTEL SEELBACH

Single room	\$5.00 to \$12.00
Minimum rate single room, not connecting, air conditioned	\$7.00
Two connecting single rooms, one bath	\$5.50 to \$6.00 per room
Double room	\$7.50 to \$10.50
Minimum rate double bed room, not connecting, air conditioned	\$9.50
Two connecting double rooms, one bath	\$8.00 to \$8.50 per room
Twin bed rooms, tub and shower, air conditioned	\$10.50 to \$15.00
Two connecting twin bed rooms, one bath	\$8.50 to \$10.00 per room
Parlor suites, twin bed room, parlor, tub and shower, air conditioned	\$20.00
Two bed rooms, parlor, one bed room with twin beds, the other with double bed, tub and shower, air conditioned	\$25.00

### HOTEL HENRY WATTERSON

<i>Two to Six Room Suites</i>	
Single	\$12.00 to \$13.00
Double	\$12.00 to \$19.00
Triple	\$16.00 to \$19.00
Four	\$20.00 to \$24.00
Twin bed room and bath	\$ 7.00 to \$11.00
Room with bath and one double bed	
Two persons	\$ 5.50 to \$11.00
Single room	\$ 4.00 to \$ 7.00



## Conference Registration Blank

Louisville, Kentucky, June 20-23, 1955

Registration fee is \$15.00 for delegates, \$7.50 for members of the families and \$7.50 for guests of delegates.

Name .....

Firm .....

City and State .....

Will attend sessions of ..... Group

Date and Time of Arrival .....

My check is enclosed for \$.....

Make checks payable to Carson L. Bard, and mail to him in care of Credit Bureau of Louisville, 8th Floor, Marion E. Taylor Building, Louisville 2, Kentucky.

Check type of membership, N.E.C.A. ☐ A.C.B.o.F.A. ☐ C.W.B.C.of N.A. ☐ Guest ☐

# What Is the Most Important Credit Problem for 1955?

## Opinions of Management

It will be necessary, as at all times, to watch carefully the trend of business in order to control extension of credit properly and to follow up collections closely in order that customers may be kept in an 'open-to-buy' position. Our experience shows that the customer whose payments are up to date is a far better prospect for more purchases.—H. B. Bliss, Treasurer, Shreve, Crump, & Low Company, Boston, Massachusetts.

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From a management viewpoint retail credit problems for 1955 will be no different from those of 1954. Credit managers are confronted with the same basic problems year in and year out whether it be 1935, 1945 or 1955. Those are: 1. establishing and maintaining a sound credit policy; 2. carrying on a complete credit sales promotion campaign; 3. carefully screening all applications through the proper channels; and 4. close follow-up of collections to maintain sound accounts receivable. Credit managers should seek to guide their management to a wise credit policy which will retain valuable business and do all they can to avoid heavy losses for their firm. The credit executive who fails to do these things forfeits his rightful position in the management circle of today's business.—William C. Chick, President, John H. Pray & Sons Co., Boston, Massachusetts.

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Consumer credit is at an all-time high, and the one problem which the credit businessman must control more closely than all others is his policy in granting and approving credit to the consumer. I fear that in many instances, in our need for additional volume to cover rising costs, additional volume is brought about by weakening credit restraints and credit policies. Of course, when we sell credit which is weak, it brings about a high percentage of repossessions on which the merchant generally takes a loss, and a high collection cost as well as a possibility of a high bad debt loss. In these times of all-out efforts for volume, the credit departments of our various organizations must be the stabilizing factor. The businessman must not lose sight of the fact that his merchandise can be sold on its merits, in today's competitive markets, just as easily as it can be sold for a low down payment and long terms. While it is necessary that the merchant expand his accounts receivable along with his volume, I feel that a credit executive must, as never before, use well-balanced judgment in granting credit in his specific area. In 1955 collections are going to be harder than they were in 1954, but the dollar is most certainly in the hands of the consumer; and the credit department with sound fundamental credit principles, and which adheres to a good collection policy, is going to get just as high a collection percentage as in 1954.—Joseph J. Jenkins, Treasurer, Duval Jewelry Company, Jacksonville, Florida.

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Nineteen hundred fifty-five will be a good year in which salesmen of credit may well apply themselves more skillfully to the problem of perfecting flexibility of credit terms. Credit may be good or bad, depending on whether it completes a sale to the satisfaction of the consumer. Nineteen hundred fifty-five is likely to require more credit, to effect the sale of more goods to more consumers, whose age and income emphasizes a variety of terms. I feel very strongly a need for greater exploration of consumer welfare as it may be affected by credit terms.—Alex J. Jex, President, Peoples Finance & Thrift Company, Salt Lake City, Utah.

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In the utility business the most important credit problem for 1955 (and for every year for that matter) is to collect in full and promptly all accounts due us and to do this job without impairment of public relations. To us, service to the customer is most important. Everything—whether it be credit and collection work, maintaining lines and services, handling complaints, or any other phase of work—must be handled to the satisfaction of our customers. Today we are enjoying good economic conditions. Consumer's buying is high, individual incomes are up, and individual savings are the highest in our history. Everything points to an optimistic future for business and in view of these conditions, business, if properly handled, should be good. Under such favorable conditions, considerable

attention should be given to reducing costs and building public relations by:

1. Continued training for all employees meeting the public, with the view of collecting accounts and at the same time doing their job in a way that will make friends.

2. Be alert to all new ideas and changes that may short-cut accounting, operation, or credit and collection costs. Provide adequate, dependable electric service at the lowest possible rates, with fair remuneration to employees and stockholders.

3. Keep an aggressive dealer cooperation and training program going, with help in both sales and credit training.—R. H. Jones, Vice President & Treasurer, Utah Power & Light Company, Salt Lake City, Utah.

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In recent years consumer credit has played an important part in the distribution of merchandise. The operations of a well-balanced credit department require prudent extension of credit, effective collection effort, with one of the principal factors being use of credit to sell merchandise. This has introduced into the credit departments in the nation the realization that the proper extension of credit plays an important part in the sales of stores. Because of the greater use of credit, it becomes more important that caution be exercised that the credit is extended to those whose economic conditions justify such credit. Terms have been liberalized in recent years and it would appear that the most important credit problem facing retailers in 1955 is to avoid the use of such terms which, based on experience, result in excessive losses.—Morton J. May, Chairman of the Board, The May Company, St. Louis, Missouri.

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My opinion regarding the most important credit problems for 1955 offers an opportunity to express also those views of many leading retail furniture dealers who have considered well and presented their thoughts to me on this subject. The consensus on retail credit in 1955 centers about the concern that consumers may overbuy out of proportion to their ability to meet obligations fully and promptly. And, state these retailers, the tentacles leading to this undesirable state are the low down payments and long terms being featured more each day. Looking further, merchants see easy credit liable not only to financial loss but to the penalty of government controls that will ever threaten uncontrolled retail credit. As a result, retailers see, in 1955, a need for better-trained credit personnel who will sell the consumer on the best terms he can afford, rather than the easiest terms which so often become the hardest.—Roscoe R. Rau, Executive Vice President-Secretary, National Retail Furniture Association, Chicago, Illinois.

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I believe there will be no more important retail credit problems in 1955 than we have had during the past few years. It has been predicted by many top-notch businessmen in our country that both wholesale and retail business will equal 1953 and possibly go five per cent above. The conversion from a wartime economy to a peacetime economy is working out better than some of us expected, and I believe if we continue to be watchful, careful, diligent and cooperative, we will all get along very well in 1955.—John A. Wagner, President, First Fidelity Credit Corporation, Pittsburgh, Pennsylvania.

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It is difficult to advance any new formula against current problems. The only difference, as we see it, is that we must give increasing attention, first, in obtaining complete credit information at the time of sale (including names of relatives) so that skips can be more easily located; and second, the active follow-up of collections. There is nothing new about this, but with lien account sales on the increase these essential credit factors must be given more careful attention than ever before.—Russell B. Wells, President, The Chas. E. Wells Music Company, Denver, Colorado.

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One of the problems confronting us in this area is the gross overbuying on the part of the lower income group of customers. It is not unusual for stores to compare accounts and find such a customer obligated in combined accounts until he has only \$60.00 to \$70.00 left to use for food, carfare, and other necessities for a family of three or four. It will take the cooperation of all stores in a community to control and guide this

type of customer in the months to come. We feel that with the continual trend to credit sales from cash sales it will be most important to watch the overbuying customer to ensure against abnormal credit losses.—J. F. Thompson, Controller, Kahn's, Oakland, California.

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Over a period of years the most important retail credit problem for the year in question, carefully thought out at the beginning of the year, turns out to be relatively unimportant at the end of the year. Credit men then eat their words or turn out to be 'prophets without honor, even in their own country.' Actually, if you know what the economy of the nation will be, then you can make a pretty good guess as to what the credit problems will be. We know, though, that in every community there are hundreds and thousands of good-paying families who do not trade with us. A major problem is then how to get more good-paying customers on our books. You can start with that and have a pretty good year's work ahead of you.—D. O. Tice, General Manager, Belk's Department Store, Greensboro, North Carolina.

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Nineteen fifty-five's most important retail credit problem will be that of increasing our total volume by increasing our charge sales. In increasing our charge sales we must be constantly alert that the volume added will be profitable volume. It would not be profitable for us to lower our standards to such an extent that the amount charged off to bad debts, the expense of putting the new accounts on the books, or the cost of handling was out of line.—D. L. Valentine, Treasurer-Controller, Kerr's, Oklahoma City, Oklahoma.

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The whole economy is at what might be termed the end of a transition period, a change from war to peace. Never was it more important for the credit manager to be alert to what management has a right to expect. He must remember that disposable income is not what it was in the last few years when it was increased by longer working hours. Individuals do have an advantage of having less federal income tax to pay and statistics show the cost of living has become more stabilized, yet credit risks must be closely scrutinized. Solicitation for new accounts must be a part of regular procedure, not limited only to certain periods; the opening of an account should be made easier for the applicant. Customers who have discontinued patronizing the store should be contacted in a determined effort to have them make use again of the store's charge facilities. Predictions are for slower collections but not to the extent of being much more serious than at present. The credit manager, therefore, must exercise closer supervision over his collection department, emphasizing to his clerks the importance of handling patiently customers who deserve consideration and yet preventing past-due accounts from accumulating. This presents a real problem that requires training and experience. Today's successful credit managers are recognized as builders of business and if they cannot prove themselves as such in this highly competitive field of retailing, there should be no place in the profession for them.—Joseph A. White, Vice President, Harris Stores Co., Pittsburgh, Pennsylvania.

## Opinions of Credit Executives

The most important retail credit problems for 1955 will be the same we have had in other years, except that now is the time to pay more attention to them. 1. Get the customers. 2. Educate them on credit. 3. Collect the money. Many of our other problems of costs, systems, etc., will stem from the negative results or lack of action on our approach to these problems. 1. The credit sales manager and his personnel can, must, and will play an important part in promoting sales and credit plans to get the customers in a receptive mood to buy and to use credit in their buying. There are many of our credit sales managers who are experienced in this line and will gladly share their experience with others. Much of these experiences can be obtained by attending local credit granters' meetings, also at the state and national conferences. There is a vast potential market in credit for all of us. We have not nearly approached the peak in extension of credit. Statistics show that only a small percentage of our population buy on credit, and of course, new prospects in the young people coming of age and getting married provide a tremendous field for operation. 2. When opening new customer's account, or arranging terms on an old customer's account, is the time to

educate them on how their account should be handled or paid, and what it means to them to meet these terms promptly. There are many ways of performing this function in a diplomatic and complimentary manner. On the basis of my personal experiences in interviewing, I believe many of our problems arise from the customer's not understanding credit and how a prompt credit record is compiled and created. They do not understand that it is determined by their manner of payment and not by the personal opinions of credit managers. Many think that as long as they have paid accounts promptly, they can start to ease off and pay when ready; then our troubles start. 3. There is nothing I can add about collections. We all know we must have money coming in—and to obtain it without offending the customer—in order that we may operate a successful department. Again, much of this goes back to customer education.—G. G. Alexander, Linz Bros., Dallas, Texas.

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The most important credit problem for 1955 is the same as it was in 1954 or 1944 or 1934. It has not changed and there is little likelihood that it will. It is just remembering the ABC's of credit and doing a good job. Conditions change but basic credit principles do not. We should follow the same rules we have in the past, carefully screen our accounts, use the facilities of the credit bureau, keep each individual account on a sound basis and maintain a good collection follow-up. The purpose of credit is to sell goods. The reason for selling goods is to make money. Use credit as a sales medium, take full advantage of its promotional potential and then keep it safe, sound, sensible and profitable, until the three C's change, the law of averages is repealed and the inherent honesty of the American public disappears. Then 1955 or 1985 will be just another year, another challenge, another opportunity to continue to do the same good job that credit executives have done throughout the years.—Henry C. Alexander, Belk Brothers Company, Charlotte, North Carolina.

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It is the responsibility of the credit department to secure the maximum amount of profitable credit volume and sales through the proper solicitation of charge accounts. The permanence of our prosperity depends in a large measure on the retailer's ability to move veritable mountains of merchandise. As the pressure and the economic need for accelerated movement of merchandise increase, the only escape from the pressure is better retailing with the aid available through retail credit channels. Top management today is vitally concerned with this major problem of stimulating demand for merchandise. The credit department plays an important role in creating the avenue whereby the consuming public may secure this merchandise and thus stimulate the markets. You must gear your credit department to do a booming credit business; do it fast, and do it on a safe basis. Today, we must have objectives, not objections to credit sales. Charge customers prefer a store, its specific departments and its merchandise and services, up to five times as much as do cash shoppers of the same store. All departments have a chance to sell more merchandise when the customer has a charge account. Without exception, charge customers show a much greater preference for specific departments of any store than do cash shoppers. This practical evidence puts real meaning behind the words: 'Charge customers buy more.'—Dean Ashby, The Fair, Fort Worth, Texas.

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Our greatest problem is the preparation of personnel for the opportunities of securing our full share of available business. Credit sales promotion will become a greater factor in handling sales volume during 1955 than ever before. This is brought about by our present stable economic picture and the splendid outlook for the coming year. This outlook is based upon the large amounts of money that are in savings accounts by individuals in all walks of life, which gives them a feeling of security and will help promote the greater purchasing on credit.—Chalmer Blair, Braley & Graham, Portland, Oregon.

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A definite problem for 1955 is created by the monthly charge customers who want and take more time to pay. The number of customers who formerly paid in 30 days are now included in the group taking 60, 90, or 120 days and even longer time to pay. The monthly collection percentages reveal this trend. It is becoming more necessary to transfer these accounts to a revolving credit or budget account where extended period of time is available. Another problem would be to automatically add a credit service charge to the monthly charge customer as a penalty for being past due. There again



it is a case of what course management wants to follow and at the same time keep in line with competition.—Robert L. Bruchey, The Hecht Co., Baltimore, Maryland.

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The primary credit problem of banks in 1955 will be the building and maintaining of an increased volume of good loans. The volume of such loans has steadily declined since the Fall of 1953. The trend has in part been halted but in 1955 the volume of good loans should be considerably increased. In attaining this volume, banks must avoid offering terms which are unduly long, lest they temporarily succeed only at the expense of future business. In building volume and avoiding excessive terms, they must not overload the customer with instalment payments. The realization of this total goal will test the initiative and judgment of credit men and will offer them their supreme opportunity in 1955.—L. A. Brumbaugh, Valley National Bank, Phoenix, Arizona.

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The collection of accounts will be the greatest problem confronting credit managers in 1955. At the present time regular thirty-day customers are taking three to six months to pay their account. Too many firms are selling terms instead of merchandise such as: 'No money down and 24 to 36 months to pay; Nothing to pay until March 1955 and then have three more months to pay; Continuous Credit Accounts.' What effect is this going to have on our regular thirty-day accounts? I believe customers will find it increasingly difficult to restrain themselves from overbuying beyond their ability to pay and will soon find they are heavily involved. Considering the fact that the future is uncertain, greater caution should be taken in the extension of credit. We must advertise merchandise and service instead of terms.—Frances C. Calhoun, P & S Apothecary and Supply Co., Birmingham, Alabama.

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From our point of view the problems for 1955 can be narrowed down to credit sales and proper extension of credit. It is quite evident that competition will be at its highest peak in many years as production in all fields will be greater and more competitive than in all previous years. This alone will cause a switch from the seller's to the buyer's market. One can readily see that 1955 will be very competitive and all retailers should make preparations for handling a minimum of the same credit volume as they did in 1954. From past experience we find those firms discounting paper to this office can formulate proper advertising and credit techniques and absorb anticipated increase in business in their normal operation. Those organizations that do not have the proper credit sales approach will find the going rough and in many instances will throw up their hands and quit or do a complete about-face and reorganize their operations which would be costly and would be brought about completely by improper handling of credit. To combat the coming year's problem of to whom credit should be extended, we have informed our automobile, appliance, and farm equipment dealers of the need for proper credit extension and have asked them to follow three simple rules prior to extending credit. These rules are:

1. Equity. A sufficient amount of the original purchase price should be paid to take care of a sudden market drop brought about by economic conditions or a change in models.
2. Community and job stability. A known pattern should be determined as to how many years the purchaser has lived in a community and how long he has worked at his present job.
3. Present obligations. Obligations should be compared with the purchaser's income in order to determine if he can absorb additional payments and upkeep brought about by his anticipated purchase.

If these three simple rules are followed by our dealers we are confident our credit sales and collection difficulties for 1955 will be held at a minimum, which will ultimately result in higher profits for our dealers and better customers for both dealer and bank. With increased competition, overselling of the credit applicant will be more pronounced this year than ever before. Each and every one of us should have a slogan such as this, 'Let us help the instalment credit buyer to better things and peace of mind. Extend credit properly.'—Babe Cialone, The Merchants National Bank, Fort Smith, Arkansas.

I do not foresee any particular new problems but a lot more of the same. In our section of the country, collections are off and it will be a problem to educate the consumer to prompt payment of 30-day accounts as she has been educated to pay in 90 days. Losses are still negligible and do not constitute a problem. With economists predicting the continued upturn of business, credit sales promotion must continue at an even greater pace than it has been as there will continue to be a fight for the consumer dollar. The major problem is to increase collections and do more promoting while maintaining the strictest possible economy in all credit department operations. Management today is extremely cost-conscious and should be. We must find better, less expensive ways to do a better, bigger job of promoting and collecting accounts.—F. G. Cimmerman, Ben Wolfman Inc., Houston, Texas.

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In the past year we have once again seen the return of full-fledged competition. In this renewed struggle for the buyer's favor, we find like businesses in all fields pitted against each other for the lion's share of sales. Finance and retail credit executives alike, while trying to maintain realistic credit terms, are in the middle of the struggle for supremacy. The danger lies in the careless extension of credit due to the pressure of competitive sales practices. Any relaxation of the principles of sound credit terms in 1955 will be felt and regretted in future years.—R. E. Dyreson, Illinois National Bank and Trust Co., Rockford, Illinois.

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The most important retail credit problems for 1955 are rolled up in one big package labeled 'Public Relations.' We can ponder over charts, graphs, percentages, business forecasts, etc., but it all goes back to the main artery of every business, *The Customer*, his problems and reactions. As managers of credit sales, we hold in our hands the most dynamic forces for promoting or retarding good customer relations. Our problem is not to lose ourselves in the clouds of complacency in this year which will hit a new high in competition. We must be cognizant of our responsibilities in not only maintaining our practices of effective collection procedures, but at the same time, nourishing and encouraging a new high in store policies which will in turn reflect in an increased volume—the ultimate goal of every businessman.—Marian Forbes, Home Furniture Company, Fort Dodge, Iowa.

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Our fundamental credit problems have not changed much in the past year. We still have the responsibility of increasing, if possible, the number of credit customers and of keeping our credit losses to a minimum. We face more than ever the problem of overextension of credit. More and more customers are finding it difficult to meet their payments due to overbuying. It has been a gradual process and mostly unintentional, but it is there nevertheless. The big problem in 1955 will be to keep up our volume of credit sales and yet not overload our customers. To do this we must maintain close contact with our credit bureaus in the screening of applicants. If we do this faithfully our efforts should produce good results in the coming year.—Wilford G. Fowers, Watson Tanner Clothing Co., Ogden, Utah.

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Here is the most important credit problem for 1955:

$$\frac{P \times N}{(\text{LSDI}) (\text{bpc})^4} = 0$$

You guessed it! The P stands for the problems and the N for the number of them. But this is an equation and every equation has its solution. It is all in knowing how. Know-how, our real problem, is answered by local, state, district, and international credit meetings. That is the L, S, D, and I. Know-how is gained from books, periodicals, and courses detailing the fundamentals of credit. The b, p, and c multiplied together are increased to the power of 4:

1. National Retail Credit Association.
2. Associated Credit Bureaus of America.
3. Collection Service Division, and
4. Credit Women's Breakfast Clubs of North America.

By putting our four-powered know-how to use, our problems are reduced to the zero on the other side of the equation.—Marjorie Girtton, The Quaal Lumber Company, Des Moines, Iowa, President, Credit Women's Breakfast Clubs of North America.

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The most important retail credit problem for 1955 is the building of increased credit sales volume. By increasing credit sales, other problems are created, mainly collections. But if sound credit practices are followed, col-



lections should not prove too troublesome. Every possible way of increasing credit sales should be explored and initiated, if in keeping with company policy. The competitive market of today shows that credit is a major sales-producing function.—Frederick E. Hardy, The Outlet Company, Providence, Rhode Island.

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Because of a plentiful supply of all types of merchandise, 1955 will be a buyer's market. When this condition exists and with the strong desire to make sales records, often marginal credit risks are sold more merchandise than they have ability to pay for when due. This causes complications not only for the store which overloaded the customer, but also for the store which made normal sales. Current credit investigations through your credit bureau will alleviate some of these situations.—J. D. Hartup, Standard Oil Company of California, Spokane, Washington.

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In the hospital field the anticipated credit problems for 1955 in my opinion are: 1. An increase in the number of cases needing assistance from Welfare departments. 2. Arranging payment plans for patients who are in the large group of people who have pyramided unpaid bills, with a substantial amount of these unpaid bills being for luxuries, thereby eliminating them for eligibility from welfare departments. With these two major problems, it is going to be a dire necessity that hospitals work very closely with their credit bureaus in order to have first-hand and confirmed information via Factbilt reports, enabling hospitals to screen the cases for service and minimum accommodations.—Mrs. Jean V. Lansing, Albany Hospital, Albany, New York.

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The principal problem is that of supporting the economy by contributing to the flow of retail goods into the consumer's hands. Retail credit executives in stores, banks, and other financing institutions should lend a willing ear to the financing of all reasonable consumer demands, both by the open account and the secured instalment method. To this should be added that it must be done on a sound basis consistent with intelligent extension of credit, employing, for the most part, standard terms. To so grant this credit that only the usual low-loss ratios are experienced will be the right way to do it. Too liberal an extension with resultant excessive charge-offs will induce top management to firm up their credit policies later. Then, too tight a policy will restrict the flow of goods so necessary to the maintenance of our economy. To accomplish all this, credit executives will have to look into new machine methods to cut down overhead and handle an even larger volume of business at lower costs. Therefore, new, efficient machine operation and full support of the economy on a sound basis are the two important retail credit problems for 1955.—C. W. Larson, The Merchants National Bank, Topeka, Kansas.

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It is important in our profession to recognize that more of our merchandise is sold on credit than ever before, and to accept the fact that at least 98 per cent of our customers pay their bills; to have faith in our customers as strong and as firm as we have in the future. It is our job to be more inviting, more sales-minded and promotion-wise, more intelligent and inviting in our advertising; to have more smiles in our expressions and more kindness in our speech; to be more leading in our suggestions, and definitely more alert in recognizing that our consumer public will buy our merchandise and use our credit if we only open our arms and our hearts in leading the way. In following this policy with enthusiasm and evaluating its possibilities, we can look ahead to 1955 as being a progressive year of greater retail sales.—Clem A. Lehnen, American Furniture Stores, Milwaukee, Wisconsin.

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We will not be faced with anything other than our usual problems in the year 1955. Possibly, there will be more emphasis on expense control this year than in the past. Some may find this hard to believe. I am afraid many of us wait for management to call our attention to certain expense factors before we do anything about them. A good New Year's resolution would be to review our operations with this in mind, so that we could anticipate the boss for a change. Have expense-saving programs in your local association meetings and you will find they are worth while. New and inactive account solicitation will continue to be an important function. I would suggest, however, that a planned and measured program be inaugurated instead of short-range, hit-or-miss promotions. Make your solicitation and then measure its effectiveness against its cost. You may be surprised at the results, and

change your thinking on certain types of solicitation.—A. T. Marlowe, Isaac Hamburger & Sons, Baltimore, Maryland.

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The most important problem facing retail credit men in 1955 will be the tendency of the customer to over-extend himself. The decline in income due to the reduction in hourly rate must be taken into serious consideration. In the New England area we must also take into consideration the seasonal low periods in the shoe and textile industries. Our retail customers on the whole are living on a payday-to-payday basis and we, as credit men, must take into consideration the obligations which are outstanding when additional time sales are approved. We must take time to talk to each border-line customer so that we may explain thoroughly to this customer just what is expected if the credit is granted. We must take into consideration the obligations which the customer has at present before adding an additional obligation. While we must screen our customers closer than before, we must not lose sight of the fact that we must accept all sales that we possibly can. We must help keep up our sales figures without increasing our delinquency percentage.—Paul M. Martel, The Leavitt Stores Corporation, Manchester, New Hampshire.

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For the most part, I cannot see where we will be faced with any new or different problems this year in comparison to the one which we have just completed. Certainly we are all interested in keeping our collections as current as possible, and in accomplishing this, each one of us might possibly have to work with our customers more closely. The initiative, as in the past, will most likely be taken by the creditor. The majority of charge customers are eager to maintain a good paying record, however, a great percentage are reluctant to talk over their problems with a credit department after their account becomes past-due. After the barrier is broken, most of them will cooperate. There possibly will be a need to do more selling, not only of goods and services in general, but of credit sales. Do not allow wild talk to cause fears of a depressive condition and the enthusiasm or desire for purchasing be lessened. Sell those who are deserving of credit as it is good for the merchant and the recipient. As time passes, this will lead to an even higher standard of living than the one we now enjoy. Nineteen hundred fifty-five will be a good year for collections and can be a good year for credit sales, if we will talk down fear whenever it exposes itself. Also exert more energy in 'selling' ourselves, our respective merchant, and our products. By accomplishing this, there is no reason why credit sales cannot remain as high or higher in 1955 as compared to 1954.—Ira B. Moore, Jr., Frank Kent Motor Company, Fort Worth, Texas.

★ ★ ★

In 1955, with a new Congress, we may rightfully expect budget balancing, defense spending, and housing to command a high place on the agenda. Of course, the traditional item of taxes cannot be overlooked. The security program also will be studied, reported and re-studied. All of these will, no doubt, have effect on credits. To accomplish a successful retail selling job our advertising can be an important factor. The use of a suitable gimmick in advertising could be a stimulus to sales. I doubt that an experienced economist would hazard his reputation in making definite predictions for a long-range program. From all indications and reports, good business is anticipated during 1955. As always, we will be confronted with three primary functions: credit, sales, and collections. These will need to be answered as our own individual businesses may dictate. In all probability, competition will be keener and we will need to be more alert to secure our fair share of business. We will need to practice more and more the old adage of 'Remember, the customer is always right.'—J. B. Moreland, Southern Union Gas Company, Austin, Texas.

★ ★ ★

The overextension of credit, or not obtaining a credit report to ascertain if the customer is now overextended, is an important retail credit problem for 1955. Many inexperienced credit managers are extending credit by the 'eye-ball method.' Economic conditions have changed. Many merchants are pushing sales volume; but if the sales made are unprofitable, why make them? We must screen our applicants for credit and maintain a systematic follow-up on collections. If we see to it that our customers understand our credit terms, selling quality and service courteously, I see no reason why we should not enjoy a profitable credit business in 1955.—Mrs. Una Pearson, Pearson's, Fort Smith, Arkansas.

(To be continued next month.)

# CREDIT FLASHES

## Fort Worth Celebrates 50th Year

More people are buying merchandise on credit in Fort Worth, Texas, than at any other period in history. This is pleasing to Fort Worth merchants. It is also most pleasing to a Fort Worth institution that marked its 50th anniversary recently. The anniversary was observed by the Fort Worth Retail Merchants Association and by the Credit Bureau of Greater Fort Worth, a division of the Retail Merchants Association. "Servicing an ever increasing volume of credit business for those who extend credit, and clearing the way for thousands of consumers in Fort Worth and throughout the city's trade area to say 'charge it' at local establishments is the prime objective of the Retail Merchants Association and its credit bureau," said Howard G. Chilton, bureau manager.

The Retail Merchants Association had its beginning in the fall of 1904 as the Merchants Credit Association. Stripling's, The Fair, Monnig's, Washer Bros., two banks, and a few wholesalers were among the original members. The Association has had only two presidents, the first being the late William Monnig. Lionel W. Bevan is the president now.

The board of directors cited four employees "for long and faithful service." They are: Mrs. Grace Scruggs, assistant manager, an employee for 24 years; Fred W. Parker, collection service division manager, 20 years; Mrs. Marie Turner, credit reporting department manager, 30 years; and Mrs. Ruth Stricklin, special operator, 33 years. Shown below, left to right, are: Fred W. Parker, Mrs. Marie Turner, Mrs. Ruth Stricklin, and Mrs. Grace Scruggs. Lionel W. Bevan, on the right, is presenting the group with commendation letters.

The Association's membership has nearly doubled, from 500 to 951. During its anniversary week the bureau set a new high mark for service, completing 1,761 credit reports in one day. Files of the bureau now contain nearly 1,000,000 credit records. It has a switchboard that can handle 75 calls simultaneously.



## Coming District Meetings

**District One** (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont and Quebec, New Brunswick, Nova Scotia and Prince Edward Island, Canada) will hold its annual meeting at the New Ocean House, Swampscott, Massachusetts, April 24, 25, and 26, 1955.

**District Three** (Florida, Georgia, North Carolina and South Carolina) and **District Four** (Alabama, Louisiana, Mississippi and Tennessee) will hold a joint annual meeting at the Tutwiler Hotel, Birmingham, Alabama, April 17, 18, 19, and 20, 1955.

**District Six** (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin, and Manitoba, Canada) will hold its annual meeting at the Hotel Fontenelle, Omaha, Nebraska, March 13, 14, and 15, 1955.

**District Seven** (Arkansas, Kansas, Missouri and Oklahoma) will hold its annual meeting at the Skirvin Hotel, Oklahoma City, Oklahoma, March 13, 14, and 15, 1955.

**District Eight** (Texas) will hold its annual meeting at the Buccaneer Hotel, Galveston, Texas, May 22, 23, and 24, 1955.

**District Nine** (Colorado, New Mexico, Utah and Wyoming) will hold its annual meeting in Casper, Wyoming, May 8, 9, and 10, 1955.

**District Ten** (Alaska, Idaho, Montana, Oregon, Washington, Alberta, British Columbia and Saskatchewan, Canada) will hold its annual meeting at the Vancouver Hotel, Vancouver, British Columbia, Canada, May 21, 22, 23, and 24, 1955.

**District Eleven** (Arizona, California, Nevada and Hawaii) will hold its annual meeting at the El Tejon Hotel, Bakersfield, California, February 20, 21, 22, and 23, 1955.

## Position Wanted

CREDIT MANAGER, 42, married, presently employed, 15 years' experience in retail, finance, credits and collections, office procedures and systems. Desirous of making change. Will locate elsewhere. Box 2552, The CREDIT WORLD.

## Wanted to Buy

Established reporting and collection agency. Will consider partnership. Box 2551, The CREDIT WORLD.

## For Sale

CREDIT BUREAU and Collection Agency, located in County Seat, servicing a four-county area. Have other interests reason for selling. Reasonably priced. Credit Bureau of Mason and Menard Counties, Havana, Illinois, telephone 873.

## New Financial Clinic in Spokane

The Spokane Retail Credit Association, Spokane, Washington, has inaugurated a special educational program for persons with financial troubles. This program is probably the first of its kind conducted by a credit organization in the United States. More than 35 top credit men and women have volunteered to participate and Franklin Newman, The Crescent and Lester Peuck are in charge of the service. Interviews are conducted from seven to nine p.m. on Tuesdays and Thursdays. A person who wants help must call the credit bureau and make an appointment and most likely he will be asked to bring his wife along. The association has compiled several forms, including one for the listing of assets and liabilities and another for dividing pay checks for bill payments. The credit executives expect to spend a minimum of 45 minutes with each person or couple, however, some take longer. "The credit picture in Spokane is good," said Melvin T. Warrick, assistant secretary of the Association, "but there is always room for improvement. Our association will be repaid through this service if the number of repossessions and delinquency reports declines."

## Annual Meeting in St. Louis

At the annual meeting of the Associated Retail Credit Men of St. Louis, St. Louis, Missouri, the following officers and directors were elected: President, James Friedman, Famous-Barr Co.; Vice President, Harry Meisman, Jaccard's; Treasurer, W. E. Legan, Southwestern Bell Telephone Co.; and Secretary, A. J. Kruse, Credit Bureau of St. Louis. Directors: Norbert Brosnan, Stix, Baer & Fuller; Charles Burns, Union Electric Company of Missouri; Lindell Farris, Wolff's Clothiers; Hugo Grimm, Boyd's; E. D. Johnson, Famous-Barr Co.; Lillian Koenig, Eagle Furniture Co.; Dorothy Kuhs, Lane Bryant Co.; Harry Netherly, Scruggs, Vandervoort, Barney; A. J. Schroeder, Greenfield's; Ben Thomas, Socony-Vacuum Oil Co.; A. G. Wepfer, *St. Louis Post-Dispatch*; Sol. Zeve, Franklin Furniture Co.; and Mary Mazzoni, Kline's.

Clarence F. Jackson, the first president of the association, attended the annual meeting and banquet. He retired after 55 years of service as credit manager of Famous-Barr Co. Mr. Friedman, the new president of the association, was one of Mr. Jackson's assistants and is now collection manager of Famous-Barr Co. Shown below, on the left is Mr. Friedman with Mr. Jackson.



## Col. Franklin Blackstone Honored

Col. Franklin Blackstone, of the Pittsburgh, Pennsylvania, Chapter, Sons of the American Revolution has received the Award of Merit from the national defense committee of the Col. Wallace Chapter of the Daughters of the American Revolution. Col. Blackstone, Credit Manager, Frank & Seder, Pittsburgh, is a past president of the National Retail Credit Association.

## New Appointment for A. B. Epps

A. B. Epps has been named credit manager of Gus Blass Co., Little Rock, Ark., succeeding William Brauner, who held the post for the past 20 years. Mr. Epps was formerly with the Haverty Furniture Co., of the same city, for the past 15 years.

## Howard W. Leonard Honored

Howard W. Leonard, Credit Manager, Joseph Horne Co., Pittsburgh, Pennsylvania, was recently honored as the store's first 60-year employee. He received a watch to commemorate a career that carried him from cash boy to credit adviser. He held every position in the credit division, serving as credit manager from 1924 to 1952. Since then he has served the store on a consulting basis.

He was twice president of the Retail Credit Association of Pittsburgh; past president of Horne's Men's Club; once headed the Retailers Council of the Chamber of Commerce; aided in forming the Better Business Bureau and the Credit Bureau of Pittsburgh; and is a life member of Lions International. He is a member of the Quarter Century Club of the National Retail Credit Association and at our 1938 annual conference in Pittsburgh he was chairman of the publicity committee.

He makes his home at 816 Perry Highway, Pittsburgh, Pa., and is now on an extended vacation in Phoenix, Arizona.

## Edith Bather Honored

Edith Bather, Secretary-Manager, Credit Bureau of Clinton, Clinton, Iowa, was surprised and showered with gifts in a "This Is Your Life" skit given recently by the Credit Women's Breakfast Club. Childhood friends, business associates and others who played important roles in Miss Bather's life were surprise visitors. She had not seen some of them for years. Among the gifts was an inscribed wristwatch presented by George Bonner, vice president of the board of directors of the Credit Bureau, "In recognition of the 26 years of service and an attempt to recognize the service given to all of us—nights and Sundays—and to let you know that this has not gone unnoticed." A reception for the honored guest and those from out of town was held after the program. Miss Bather has been a member of the National Retail Credit Association for many years and is a member of our Quarter Century Club.

## Organizational Meeting at Lethbridge

An organizational meeting of the Lethbridge Credit Granters' Association, Lethbridge, Alberta, Canada, was held recently when sixty merchants joined and at the same time affiliated with the National Retail Credit Association. At a subsequent meeting Carl McCutcheon, Secretary, gave a talk on the four "C's" of credit granting. He was introduced by D. G. W. Sutherland, president of the Association. Mr. McCutcheon is also manager of the Lethbridge Retail Credit Bureau.





## Petroleum QUESTION

**Why isn't it desirable from an expense and efficiency standpoint for all petroleum companies to issue annual credit cards to customers having paid their bills promptly for a period of three years and who, based on credit reports, hold responsible positions?**

### ANSWERS

**H. M. Barrentine, Skelly Oil Company, Kansas City, Missouri:** It is highly desirable that a petroleum company's annual credit card replace other period cards after three years' satisfactory experience has occurred. Certainly a company's paying experience with a customer speaks stronger than any written opinion. When this experience is backed up by a good credit report, together with responsible position, I believe the customer is entitled to the maximum credit service offered, namely, an annual credit card.

It is my understanding that most petroleum companies have a policy to this effect. Of course, there is extra effort and expense in reviewing the files, but I strongly believe such effort and expense is justified, and credit department recognition and appreciation of the customer's performance will go a long way toward cementing good customer relations for our companies.

**T. J. Fahay, Union Oil Company of California, San Francisco, California:** It is desirable not only from an expense and financial standpoint, but from a standpoint of improving customer relations, to issue an annual credit card to customers who have paid their bills promptly for a period of three years and who, based on credit reports, hold responsible and presumably permanent positions. We have used this plan for several years. Originally the issuance of the annual card was based on five years of satisfactory experience. Last year it was reduced to four years and this year it will be based on three years of experience. Our experience has been satisfactory; just as satisfactory as in those cases where we felt it advantageous to issue an initial annual card to a customer.

**William Stockton, The Atlantic Refining Company, Philadelphia, Pennsylvania:** It is most desirable to issue annual credit cards to customers who have paid their bills promptly and who hold responsible positions. This has been our practice for a long time. We have never found it necessary to issue a shorter-term credit card than annual so this really does not present a problem to us, since annual cards are issued to all new customers.

**B. Thomas, St. Louis, Missouri:** It is desirable from an expense and efficiency standpoint for a petroleum company to issue annual credit cards to all customers whose credit record warrants the extension of credit. This eliminates the expense of issuing new cards every three or six months. In the past, it was the practice to issue credit cards valid for a limited duration for the purpose of controlling credit. A review of present accounts will reveal that a high percentage of customers buy at one or two locations, at a station located either near their home or place of employment, with the exception of the time during their vacation or an occasional week-end trip. Through the cooperation of their favorite service station operator, there is no problem of control of these accounts.

Another group will be those whose employment requires traveling, such as salesmen, auditors, etc. Although they cover a larger area, it will be found that they generally have a set pattern of buying habits and, if necessary, can be located en route or at home at regular intervals. For those who use their credit cards for vacation trips only, a card valid for a limited time may prove to be of no value unless they can arrange their trip to take advantage of the allotted time.

There have been occasions when petroleum companies have had experience with "wild" credit cards where the holder or some unauthorized person has made unusually large purchases. Since most of the damage occurs within a short period of time, 30 or 60 days, a card of limited duration would not be a solution to this problem.

**J. D. Hartup, Standard Oil Company of California, Spokane, Washington:** The basis for issuance of an annual credit card is credit worthiness. When this is established, certainly an annual credit card should be issued to take advantage of the resulting savings. It is important that credit worthiness be recognized as the determining factor rather than economics accounting-wise in the periodic reissuance of credit cards. From a credit control and administration standpoint, the advantages in quarterly credit cards are such that they indicate the wisdom for using them as the basic medium of credit authorization.

**R. R. Thomas, The Shamrock Oil and Gas Corporation, Amarillo, Texas:** There are three major reasons for the issuance of short-term credit cards. These reasons are:

1. Short-term issuance automatically restricts unauthorized use after a certain date. Thereby, a tighter credit control is assured to the credit man.
2. A short-term credit card can be issued more freely in terms of credit risk acceptability. This factor in turn

assures greater credit card coverage of present and prospective customers, a very desirable feature from the viewpoint of the jobber and the dealer.

3. Repetitive advertising is reputed to be quite effective. It follows that the periodic mailing of short-term credit cards together with enclosures for TBA lines, etc., brings the company's name to the attention of the credit card holders at frequent intervals.

Where credit cards are issued on the above basis for years, a decision is made, 'Issue annual cards to customers who have paid promptly for three years and who hold responsible positions.' The credit department has a problem! It is necessary to scan all the credit card payment records for three years. We must verify the responsible position. These items would call for more personnel to handle increased detail work and considerable credit report expense, depending upon the number of credit cards outstanding. From an over-all efficiency and expense viewpoint, surely it would be better to make some provision to originally issue annual cards to responsible persons, with short-term cards being issued to persons of lesser responsibility.

**H. M. G. Walker, Esso Standard Oil Company, Columbia, South Carolina:** My company has, for years, issued monthly and annual credit cards. Within the past year we discontinued issuing monthly and converted such accounts to quarterly. It is our policy to convert the short-term account to an annual basis after a period of six to ten months, providing collection reminders have been unnecessary. Everyone should agree that where there is a considerable volume of monthly or quarterly card accounts, it would represent a considerable saving in expense and time through conversion. Quarterly cards are issued to non-commissioned personnel in the military service, and these are not converted regardless of experience. Inasmuch as short-term cards are most generally issued to 'border line' cases, there is some doubt as to the applicant holding a responsible position or even having a good report. I do not feel that we can convert such accounts only on the basis of these two factors. Our own experience should govern. Having once obtained a bureau report, I question whether credit managers should draw a new report unless some unfavorable condition develops.

## Public Utilities

### QUESTION

*How can management cooperate with the credit department to increase its effectiveness in securing and satisfying credit customers?*

### ANSWERS

**C. R. Clarke, The Brooklyn Union Gas Company, Brooklyn, New York:** The credit department of a merchandising utility can make a real contribution to its company's welfare through a series of well-planned sales promotion campaigns. These campaigns might well take the form of written sales appeals to, a. inactive accounts, b. appliance accounts currently closing, and c. new service customers. The inactive accounts campaign would be directed at good customers who have closed their appliance accounts approximately a year prior to the starting date of the sales promotion, and would be limited to

the one letter. On accounts currently closing you would want to follow up your letter with a call from a sales representative as the customer is now open for new commitments. New service customers should be informed of the utilities merchandising practices and service policies with a view toward getting the available appliance business. This letter should provide a return card for those interested in additional information.

Management will usually cooperate with any department in the organization that has sound plans for increased business. The credit department is a natural for this type of promotion, and management should divert sufficient advertising and promotional money to permit credit department participation. The problem of satisfying customers who have purchased appliances on credit is directly tied in to the service policy of the company. Should management permit the credit department to exercise its good judgment more often on exchanges, repairs, and allowances, and to so direct the sales and service departments, then management would certainly increase the effectiveness of the credit department in satisfying credit customers.

**H. S. Hahn, The Ohio Gas Fuel Company, Columbus, Ohio:** In my opinion, management of both the gas and electric industries is doing more now to obtain new business and to satisfy customers than at any other time in the history of the business. Both utilities have specialized business promotion departments which are being administered by highly skilled men and women. With their talents these people are promoting the use of gas and electricity for many diversified uses. These industries also are providing their customers with the finest appliances known to man today. Thus, the gas and electric credit departments are being given plenty to do as a result of new business. Now as to satisfying credit customers (all utility customers are credit customers), it is a well-known fact that utility industry executives are and have been alert to the need of good customer relations. Strong customer relations departments have been established by chairmen of the boards of many companies, and these departments are maintained and administered by top-notch men in this field such as John C. Faris of the Union Electric Company, St. Louis, and J. F. Rooney, Consolidated Edison Company of New York. With the help of customer relations executives who devote their full time to providing ways and means to satisfy the gas and electric industry customers, the credit department personnel have the full cooperation of management in assisting them in satisfying credit customers.

**J. K. Jordan, Michigan Consolidated Gas Company, Detroit, Michigan:** My company, a public utility, does not have the problem of selling its product in competition with other companies, as the majority of our customers solicit our services. For this reason our biggest credit problem is to maintain amicable customer relations with certain of our customers who, through reasons either of their own or possibly beyond their control, have certain misunderstandings or fancied grievances about our services, or because of their inability to maintain their accounts satisfactorily without undue collection activity. To assure the proper facilities for opening and maintaining customer accounts, it is the responsibility of

our management to make available modern and up-to-date equipment, with sufficient competent personnel, properly trained to evaluate available credit information, and intelligently to take the necessary prescribed activity to maintain our uncollectibles to a minimum, and still enjoy the good will of our customers.

**R. B. Mitchell, The Peoples Gas Light and Coke Company, Chicago, Illinois:** This question does not exactly fit as far as public utilities are concerned. As you know, all of our business is on a credit basis. Customers use our product long before they are billed. Those utilities that sell appliances on a deferred-payment basis have a credit problem to contend with. Generally speaking, top management usually sets the credit policy after a conference with sales and credit people.

## General QUESTION

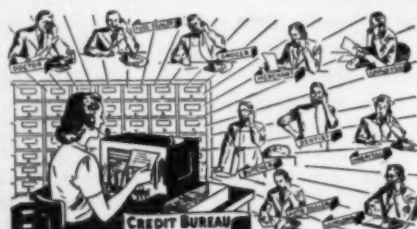
*How can management cooperate with the credit department to increase its effectiveness in securing and satisfying credit customers?*

### ANSWERS

**Mrs. Una M. Pearson, Pearson's, Fort Smith, Arkansas:** The customer under the pylon is not an automaton. It does not go to the store that is chosen by a built-in calculating device which determines the unit offering the lowest advertised prices. It does not go up and down the aisles automatically, unseeing and unhearing. The customer, it turns out, is real flesh and blood; as is also the credit department. Management, too, are

decendants of Adam and Eve; not an automatic device operated by push buttons at the main office. The human element of management is a part of the credit department. Recognizing that the finest selection of personnel or the best possible equipment cannot assure success unless personnel also meets the standards of the components, management must come up with the ideas good enough to develop sound, constructive merchandising that will create an interest and desire on the part of Mrs. Consumer. Management must devote a good part of its thinking to the customer and the credit personnel as people. The human factor, particularly management and credit department relationships, must be directed toward the customer as a human being who reacts to courtesy and similar factors to secure satisfied credit customers.

**Miss Julie Newman, Lemon & Son, Louisville, Kentucky:** First, by having a definite policy in which the entire organization has a full realization of the function of every department; a complete and sympathetic appreciation of the difficulties under which the others labor. The credit department should be adequately staffed with competent people, alert, with enough initiative to be able to serve as a sales promotional department. By turning old accounts into repeat business and by keeping a watchful eye on inactive accounts, in this day of competitive merchandising when often one store's advantage is merely service. 'No sale is ever made until the merchandise is paid for, whether cash or credit.' Our job is simply to inform the management of his risk, in this day when our economy is geared to credit. Management's cooperation will ensure closer cooperation with credit department sales and the customer.



### We have YOUR NAME in this "Who's Who"

As a member of the Credit Bureau we are called upon to report, at frequent intervals, the credit standing of our customers. This report is available to every merchant or professional man who is a member of the Credit Bureau.

Your account with us at the present time is **PAST DUE**. To maintain a good credit record, you should make a payment **NOW** or arrange for an early settlement.

Name \_\_\_\_\_

Owed to \_\_\_\_\_

Balance \$ \_\_\_\_\_ Past Due \$ \_\_\_\_\_

Date \_\_\_\_\_

Guard Your Credit as a Sacred Trust

## Reluctant Dollars

Merchants and professional men can bring in reluctant dollars by using the tested Collection Insert shown here. Prepared at the urgent request of our members, it has a definite tie-in with the credit bureau. Not only does it turn past-due receivables into cash, but it is an effective means of educating the general public to pay bills promptly.

This is another success number in our series of Collection Helps. The size is three inches by five and one-half inches and it is printed in dark green ink on canary bond stock. Only \$3.00 per thousand.

## NATIONAL RETAIL CREDIT ASSOCIATION

375 Jackson Ave.

St. Louis 5, Mo.



## Local Association Activities

### Gadsden, Alabama

At the organizational meeting of the Retail Credit Association of Gadsden, Alabama, the following officers and directors were elected: President, A. G. Limerick, Sterchi Bros. Furniture Co.; First Vice President, R. B. Cartledge, Cartledge Furniture Co.; Second Vice President, P. Koss, Leeds Jewelers; and Secretary and Treasurer, B. B. Pugh, Credit Bureau of Gadsden. Directors: Ross Gidley, Ross Gidley Home Supply; George Starling, Economy Auto Store; W. U. Doyle, Duncan's Department Store; S. H. Mills, Personal Loans; Mickey Williams, *The Gadsden Times*; and C. B. Bradshaw, Community Finance Co.

### Quincy, Massachusetts

The 1954-1955 officers and directors of the Quincy-South Shore Credit Association, Quincy, Massachusetts, are: President, Arnold O. Haskell, Quincy Savings Bank; Vice President, Arthur L. Whitten, Braintree Cooperative Bank; Treasurer, John J. Walsh, Granite Trust Co.; Secretary, William A. O'Connell, Quincy Chamber of Commerce. Directors: Marguerite P. Broderick, Gilchrist Co.; Frank M. Bryant, Weymouth Savings Bank; Kenneth L. Chase, White Bros. Milk Co.; P. Joseph Chignola, Weymouth Light & Power Co.; Mahlon Cook, Remick Co.; Edward J. Curley, Norfolk County Trust Co.; Daniel A. Donoghue, L. Grossman & Sons; P. Albert Maguire, Quincy Trust Co.; Ralph Moorhead, Quincy Cooperative Bank; Lulu Murphy, Old Colony Gas Co.; Mildred C. O'Connell, Sheridan's; Elliott Sklar, Cummings Co.; Lois B. Smith, Alvin Hollis & Co.; Lucie Spicer, *Quincy Patriot Ledger*; Eleanor V. Sullivan, Quincy Coal & Oil Co.; Paul N. Sullivan, Real Estate & Insurance; Thomas Talcott, Sears-Roebuck & Co.; and Milton B. Wiggin, Wollaston Federal Savings & Loan Association.

### San Francisco, California

At the annual meeting of the Associated Retail Credit Men of San Francisco, San Francisco, California, the following were elected for 1955: President, Louis G. Williams, W. & J. Sloane; Vice President, H. R. Chesney, General Petroleum Corp.; Secretary, Charles W. Doran, Retailers Credit Association; and Treasurer, Charles J. Benson, Retailers Credit Association. Directors: Harold F. Cadd, Ransohoffs; Guy Crane, Podesto and Baldocchi; Thomas Fahay, Union Oil Co.; W. Harvey Willits, Hale Bros.; C. K. Hamilton, Moore's; George E. Paterson, Raphael Weill & Co.; N. Waddington, Dohrmann's; and George E. Zoffman, Four Wheel Brake Corp.

### Houston, Texas

The new officers of the Houston Retail Credit Association, Houston, Texas, are: President, J. D. Miller, J. D. Miller Co.; First Vice President, Richard Sneed, City National Bank; Second Vice President and Treasurer, Harold G. Davis, Southwestern Bell Telephone Co.; Secretary, Lillie Mae Adams, Byrd's; and Assistant Secretary, Leroy Andrews, Credit Bureau of Greater Houston. Directors: James Clark, Foleys; C. L. McGinnis, RMA Collection Service; John Tryling, Suniland Furniture Co.; Gertrude Block, Meyer Bros.; W. L. Orr, Gulf Oil Corp.; Collis Haynes, United Gas Corp.; W. H. Pugh, Texas National Bank; and John S. Morse, Shudde Bros.

### Oklahoma City, Oklahoma

The Oklahoma City Retail Credit Managers Association, Oklahoma City, Oklahoma, recently elected the following officers and directors: President, E. G. Reid, Doc & Bill Furniture Co.; Vice President, Henry Louis, Allied Building Credits; Secretary, Ethel White, Harry Katz; and Treasurer, Fanny Lane, Kerr's. Directors: Wally Ferguson, Skelly Oil Co.; Helen Nightswonger, Peyton-Marcus; C. M. Crum, Crum Shoe Store; Inez I. Brown, Downey Furniture Co.; and Roy E. Teter, Jenkins Music Co.

### Camden, New Jersey

The new officers of the South Jersey Credit Managers' Association, Camden, New Jersey, are: President, Richard Carr, Lesters; Vice President, Fred Adams, Public Service Gas & Electric Co.; and Russell A. Barnes, Camden Credit Association.

Use Them FREE  
for 10 days!

## 500 Successful Credit and Collection Letters

Here's how to save time and money in your letterwriting . . . get better results from your credit and collection letters. Send today for a Free-Examination copy of the greatest group of credit and collection letters ever put between the covers of a single volume—

## Complete Credit and Collection Letter Book



by John D. Little

Each and every one of the 500 letters in this new book has been thoroughly tested and proved successful. Each one is ready for you to use "as is" or with only slight variations to fit your particular needs. You'll find individual letters, as well as complete series . . . dozens of openings and "hooks" to vary your approach . . . techniques and ideas ready to go to work for you AT ONCE.

Here's just a hint of the  
gold-mine of ideas you'll get—

A simple collection "hook" that brings in an 85% response—A collection series that gets speedy results from bad risks—A successful 3-stage letter that applies increasing pressure—14 "first letters" that bring in payments—A forceful "one-shot" letter used to collect accounts charged off as uncollectible—5 letters that pull for a company in a highly competitive field—Successful ways to collect from non-profit organizations—Dozens of fresh variations on the tiresome "please remit" theme—Tactful letters drawing customers' attention to unsatisfactory trends in their business—4 letters asking for more information while refusing more credit—ways to get proper information for evaluating risks—5 ways to calm down customers dunned for bills already paid—Letters that turn customers' complaints into good will—Letters to chronic "discount chiselers"—Handling a debtor "Friend of the Front Office"—5 letters to customers whose checks have "bounced."

Remember, all these successful letters are ready for you to use at once . . . and any one could easily be worth hundreds of dollars to you, not only in increased collections, but in time and effort. Veteran credit men are enthusiastic in their praise of the COMPLETE CREDIT AND COLLECTION LETTER BOOK. George J. Schatz, Vice-President of Commercial Factors Corporation, says: "This book not only supplies 'know-how,' but also makes available dozens of new credit and collection ideas." And W. R. Dunn, General Credit Manager of General Foods Corporation, says: "This book is full of the how-to-do-it of making your credit letters human, tactful and effective."

10-DAY FREE TRIAL—Why not use for yourself how tremendously helpful these great letters can be in your work? Mail the coupon below for a Free-Examination copy of the book today!

MAIL THIS COUPON NOW  
Prentice-Hall, Inc., Dept. M-CW-255  
Englewood Cliffs, N. J.

Please send me a Free-Examination copy of the COMPLETE CREDIT AND COLLECTION LETTER BOOK. Within 10 days I will either remit \$4.95 plus postage, or return the book and owe nothing.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

SAVE! Send \$4.95 with this coupon and we will pay postage. Same return privilege; refund guaranteed.

# CREDIT DEPARTMENT

## Letters

LEONARD BERRY

ONE OF THE most interesting and informative CREDIT WORLD features is the annual symposium conducted on the most important problems confronting the credit profession in the year ahead. These surveys of opinion of management, credit executives and credit bureau managers provide each individual credit manager with a composite view of what the nation's leaders think of the business outlook generally and retail credit particularly.

Here are offered guideposts, valuable beyond price to us, in charting our course and satisfactorily fulfilling our functions. They are worth considerable personal study. They provide abundant material for profitable discussion at credit association meetings. Both of these are strongly advised.

Credit control, particularly the problem of the "overbought" customer, is mentioned by store principals very frequently. This means that we must do a thorough protective job in the year ahead. The sharp increase in the use of consumer credit indicates that skill in handling credit analysis and collection problems is basic and essential. In the former, the closest cooperation with the credit bureau is most desirable. In the latter, we must polish up our abilities to *sell* while we *collect* by using modern persuasive collection appeals.

At the same time that management stresses the *protective* importance of credit management, the opinions also bring out the fact that credit executives are expected to develop credit sales to their maximum. That means our *promotional* function is highly important too.

While superficially there might appear to be some conflict here, on the one hand urging careful credit control and on the other urging us to go out and scout the woods for more sales volume, actually there is none. The credit sales manager of today is a good credit sales promoter, partly, at least, because he is a good collector. When accounts are kept in open-to-buy condition they are far more receptive to suggestions that they buy more goods. Paid-up customers are our best friends.

However, it is not enough merely to keep collections up to a given standard; we must intensify our active credit sales promotion efforts in this highly competitive market. We must get the greatest number of customers to buy the largest number of items that we possibly can. This means we must *develop* sales. Also, we must make sure we have the greatest possible number of names on our books, all with established credit, so we can take advantage of that considerable amount of "impulse" buying. This means constant solicitation of new accounts; true credit sales department *salesmanship* in servicing those accounts, and close cooperation with sales and advertising managers in encouraging maximum use of those accounts. To accomplish all that, we must have definite programs.

Successful merchandising, as we all know, consists of offering the right merchandise at the right price at the right time. Thus, merchandising promotions are timed to coincide with seasonal demand for goods. We should, of course, make sure that our credit promotion efforts are closely keyed to these peak merchandise promotions. However, that is not the whole story. We should have the *preliminaries* of account opening accomplished *before* the seasonal peaks so sales can be expedited by having accounts in readiness for use when the demand comes.

The best time for credit sales promotion therefore is *all the time*. There must be no diminution of our efforts; no interruption of our programs. The opinions of management as to credit department opportunities and responsibilities in 1955 support the statement often made in this column: *Credit sales promotion offers us our greatest challenge and our most rewarding endeavor.*

### This Month's Illustrations

**Illustration No. 1.** Here is an excellent example of conciseness and completeness in a welcome-to-newcomer letter. The reader is given a clear idea of the scope of merchandise and service offered by Calder's to its customers. Assurance is given that a cordial welcome will be accorded the newcomer when application for credit service is made.

**Illustration No. 2.** Keeping "old" customers is an important part of credit sales promotion. In this inactive account letter, used by Porter's, a plea is made for suggestions or recommendations that will lead to more satisfactory shopping at the store. Letters seeking constructive criticism from inactive account customers usually produce valuable pointers from which the store can benefit. Of course, many just resume buying, which is exactly what the store wants.

**Illustration No. 3.** A collection letter sent by Burger-Phillips. Obviously, in this example, the account is seriously past due. At such a point in the collection procedure it is sound practice to try to get the debtor to come in and talk the matter over. The last three paragraphs of the letter politely and compellingly suggest this. Often a personal interview with the debtor can clear away misunderstandings and result in a mutually satisfactory arrangement for payment.

**Illustration No. 4.** One of the most difficult to write of all credit department letters—declining an application for credit. This example, used by Bromberg & Co., tells the customer that the credit application cannot be accepted at this time, but leaves the door open for future reconsideration. Time brings many changes in the affairs of men and it is always wise to keep in mind the fact that the applicant declined today might be cordially welcomed tomorrow. ★★★

## F. G. CALDER FURNITURE CO.

1000 12 SECOND AVENUE NORTH  
Birmingham, Alabama

January 15, 1955

(1)

Mrs. John C. Customer  
600 Main Street  
Birmingham, Alabama

Dear Mrs. Customer:

We want to be among the first to welcome you to Birmingham and to extend to you a hearty invitation to visit our store and see six floors of beautiful furniture.

Calder's offers you twenty-five years of continuous service to our community. Our business has been built on giving values and service which we believe are unexcelled.

Calder's carries a complete stock of home furnishings from leading furniture manufacturers of the country.

Serving discriminating customers is our business and we want you to be one of them. Should you desire the convenience of a charge account, just bring this letter to the office - you will receive a cordial welcome!

Very truly yours,

F. G. CALDER FURNITURE COMPANY

*F. G. Calder*  
F. G. Calder, President



1000 12 SECOND AVENUE NORTH  
BIRMINGHAM, ALA.

(2)

January 15, 1955

Mrs. John C. Customer  
600 Main Street  
Birmingham, Alabama

Dear Mrs. Customer:

It disturbs this firm when a good customer like you joins the "inactive accounts." It makes us fearful that our most recent services might not have satisfied your every desire.

The only way I can find this out is just to ask directly... "What did we do, or fail to do?" I would certainly consider it a personal favor if you would answer that query on the opposite side of this letter. A return envelope, requiring no postage, is enclosed for your convenience.

We assured in advance that your constructive criticisms will prove of immeasurable value to us. It's through help like this that we are able to constantly improve our services and merchandising policies.

A reply at your convenience will be appreciated.

Sincerely yours,

*W. V. Biddow*  
W. V. Biddow  
Manager of Credit Sales

MEN'S, WOMEN'S AND CHILDREN'S APPAREL

## BURGER-PHILLIPS

BIRMINGHAM 3, ALABAMA

January 15, 1955

(3)

Mrs. John C. Customer  
600 Main Street  
Birmingham, Alabama

Mrs. Customer.....

You have been a good friend and customer of our store for several years and you can imagine my surprise when the Manager of our Collection Department placed your account on my desk this morning to be forwarded to our attorney for collection.

I can't help but feel there may be some special reason why we have not received payment for your account for \$37.63.

Most of our problems and difficulties are caused by misunderstanding and most of them could be solved if we tried hard to see the viewpoint of the other person.

Perhaps if we could talk it over we would have a better understanding and both of us would be saved considerable expense, time and embarrassment.

You can count on us doing our part...won't you please come in and see me today?

Cordially yours,

*E. L. Goodman*

E. L. Goodman  
Credit Sales Manager



OVER SIX YEARS IN ALABAMA

January 15, 1955

(4)

Mr. John C. Customer  
600 Main Street  
Birmingham, Alabama

Dear Mr. Customer:

Referring to your application for an account, we regret to say that so far we have been unable to obtain sufficient information to pass favorably upon your request and, therefore, we cannot open an account at this time.

We hope, however, that we may still be permitted to supply your wants on a cash basis, and that later on we may be favored once again with your request when more favorable credit information may be available.

Yours truly,

BURGER & COMPANY, INC.

T. A. Nickel  
Credit Manager





## Items of Interest From the NATION'S CAPITAL

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

**Views of Senator Harry F. Byrd (D-Va.), Chairman, Senate Finance Committee** (Written by the Senator for this issue of *The CREDIT WORLD*)—In the past two years this column, on several occasions, has quoted from speeches made by Senator Byrd on the floor of the Senate. Now, as he assumes the chairmanship of the powerful Senate Finance Committee, when profound fiscal and budgetary problems demand the attention of our lawmakers, it seemed appropriate to ask him for a timely statement on budgetary problems of the government, as his views would be of great interest to members of National Retail Credit Association whose aims include sound financial practices on the part of the millions of users of consumer credit. Senator Byrd responded most graciously and the full content of his prepared statement follows.

"There are indications that the federal budgetary situation, in both the current fiscal year ending June 30, and the coming fiscal year beginning July 1, 1955, leaves much to be desired. There is little prospect that federal revenue will equal government expenditures in either year. Next year will be the twenty-third deficit year in twenty-six. In this quarter of a century of deficits the federal debt has been increased from \$16 billion to \$280 billion and the value of our dollar has dropped to 52 cents in 14 years.

"Interest on this debt now exceeds 10 per cent of the federal budget, meaning that more than 10 cents out of every dollar collected in taxes is for interest on these deficits and other increases in the debt which do not show up in the budget. If we cannot balance the federal budget now, in days of inflated income and without war, when shall we balance it? Are we committed to continuing deficit financing, and the ultimate destruction of the value of our currency with all the evils inherent in such irresponsibility?

"Of importance, equal to the need for balancing the administrative budget, is the need to curtail and reverse fiscal conditions and practices which seem to be flourishing outside the budget. For example: Unexpended balances in old appropriations, reduced during the past two years, are now going up again. Expenditures from them are largely outside of annual expenditure control.

"Efforts to control expenditure of foreign currencies owed to and owned by the United States, now running into billions of dollars a year, have been made ineffective by recent foreign aid, foreign trade, agriculture surplus and supplemental appropriations legislation. These currencies are now being spent largely beyond budgetary, appropriation and audit control. There is a growing tendency to spend directly out of the federal debt, here again by-passing ordinary budgetary and appropriation

controls. Recent examples are the St. Lawrence Seaway, Commodity Credit programs, Federal National Mortgage Association, and new proposals include suggestions as to the financing of the new International Finance Corporation, and increased highway construction.

"There is also a growing tendency to increase the federal government's contingent liability which now exceeds \$200 billion. In the current year, federal insurance and guarantees of private loans are increasing from \$27.3 billion to \$34.9 billion. It is in such programs as these that the federal government has largely subsidized civilian housing in the United States to a total of \$70 billion. Recorded civilian employment in the federal government has been reduced from 2.6 million in June, 1952, to 2.3 million in June, 1954, but it is now rising again in the civilian agencies of the government. In addition there are indications of abuses in the practice of contract employment, where unrecorded individuals are employed outside the ordinary payrolls. These are some of the conditions in the federal fiscal situation which leave much to be desired. They are some of the conditions which make desirable tax reductions difficult except by borrowing more money."

**Busy Congress**—The 84th Congress, on opening day, may have created a record of a kind when approximately 1,738 bills were introduced—more pieces of legislation than on the same day at least as far back as the start of the 78th Congress in 1943.

**Postal**—Many bills would affect users of mails as well as operation of the postal service. H. R. 73, by Representative Broyhill (R-Va.), proposes repeal of Public Law 199 which set limits of size and weight of parcel post packages beginning January 1, 1952. Mr. Broyhill offered a similar bill at the start of the 2nd session of the 83rd Congress (see *The CREDIT WORLD*, February, 1954, page 29), but it failed of passage.

**Minimum Wages**—A large number of bills by Senators and Representatives from practically every section of the country proposed a setup of minimum wages ranging from 90 cents to \$1.25 per hour.

**Garnishment**—Representative Thomas B. Curtis (R-Mo.) re-introduced the bill by which salaries of delinquent-debtor federal employees would be subject to garnishment proceedings similar to those existing in nearly every state.

**Hoover Commission**—The Hoover Commission, re-activated in the first session of the 83rd Congress (July 10, 1953), has recommended that the President's reorganization powers be extended beyond April 1 (expiration of the Reorganization Act) so that he will have more time in which to study reports still to be submitted by the Commission. ★★★

comparative

# COLLECTION PERCENTAGES

December 1954 vs. December 1953

DISTRICT and CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1954			1953			1954			1953			1954			1953			1954			1953		
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
Boston, Mass.*	43.2	52.3	34.6	45.3	50.4	41.9	17.6	35.9	7.4	14.5	31.8	12.6	—	—	—	—	—	—	—	—	—	—	—	—
Portland, Me.	52.2	56.2	48.2	49.2	50.4	48.1	15.7	15.9	15.5	—	16.3	—	—	—	—	—	—	—	—	—	—	—	—	—
Providence, R. I.	49.2	54.8	46.5	50.3	53.6	47.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	62.7	63.2	62.2	60.7	63.4	58.0	23.7	25.1	22.3	23.5	24.8	22.1	—	69.8	—	—	59.9	—	—	—	—	—	—	—
Worcester, Mass.	53.5	54.0	53.0	52.1	55.3	51.0	—	—	—	—	10.4	—	—	—	—	53.1	55.3	51.0	—	—	—	—	—	—
2 New York, N. Y.	49.9	55.0	35.6	51.6	52.6	36.0	13.1	21.9	11.4	14.9	23.0	12.4	45.3	47.6	44.3	45.7	51.3	42.2	50.3	51.3	49.2	51.3	52.9	49.7
3 Birmingham, Ala.	—	—	—	41.9	45.7	38.5	—	—	—	16.9	17.9	17.1	—	—	—	41.5	44.5	39.4	—	—	—	49.4	50.2	48.0
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cincinnati, Ohio	—	—	—	52.1	56.3	49.8	—	—	—	14.0	18.4	11.2	—	—	—	60.8	69.6	52.1	—	—	—	—	55.3	—
Cleveland, Ohio	49.4	58.2	44.6	46.8	57.1	42.4	19.0	24.4	14.6	19.3	23.8	11.9	47.6	53.3	41.8	46.4	58.5	38.0	73.8	95.6	46.8	71.8	90.1	48.9
Louisville, Ky.	48.6	51.0	42.5	49.6	58.0	43.8	18.7	20.2	17.7	18.2	21.1	14.9	43.7	44.1	43.4	43.5	43.7	43.3	49.6	58.0	43.7	49.5	60.0	43.1
5 Milwaukee, Wis.	55.5	57.5	47.2	56.3	59.5	48.0	14.1	14.4	13.8	15.9	16.0	15.8	53.1	62.1	44.0	50.9	56.7	46.0	55.4	67.7	43.0	51.2	61.2	41.2
Toledo, Ohio*	56.4	61.0	32.5	52.1	59.2	31.6	17.5	23.0	13.6	15.6	19.0	14.9	57.6	66.2	49.1	56.8	61.9	51.8	—	44.6	—	—	45.3	—
Youngstown, Ohio	—	—	—	—	38.9	—	—	—	—	—	—	13.0	—	—	—	—	—	—	—	—	—	—	—	—
Ottawa, Ont.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6 Minneapolis, Minn.	—	—	—	55.0	64.3	46.6	—	—	—	14.9	17.4	13.3	—	—	—	—	63.1	—	—	—	—	46.0	49.5	40.0
Omaha, Neb.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7 Kansas City, Mo.	51.4	59.6	39.0	43.0	55.4	41.8	12.6	15.3	5.6	12.1	12.3	7.8	56.6	67.5	55.1	58.9	65.3	54.5	—	—	—	—	—	—
St. Louis, Mo.	58.5	59.0	57.6	57.8	59.1	56.1	20.6	21.3	19.2	19.3	21.7	15.0	48.1	56.6	43.3	40.1	49.8	29.0	50.3	52.0	47.2	50.9	52.5	46.6
Dallas, Texas	57.5	61.2	40.3	56.8	57.6	49.4	10.6	15.9	10.0	14.5	19.1	10.0	52.5	58.7	41.9	54.6	54.7	43.9	59.8	60.4	49.7	57.8	58.9	41.7
8 Houston, Texas	46.3	51.4	41.3	46.3	52.8	39.9	—	14.5	—	—	13.7	—	—	—	—	—	—	—	54.3	60.0	48.5	55.1	57.0	53.1
9 Denver, Colo.	50.8	53.3	42.9	48.5	53.2	41.7	15.0	26.8	14.6	14.3	24.6	13.2	48.1	53.3	42.9	47.4	53.2	41.7	—	—	—	—	—	—
Salt Lake City, Utah	58.8	64.7	52.6	57.1	60.6	53.1	21.0	24.8	15.2	21.8	27.2	17.5	—	—	—	—	—	—	—	62.6	—	—	58.2	—
10 Spokane, Wash.	—	54.5	—	—	54.8	—	—	12.7	—	—	13.3	—	—	60.5	—	—	64.0	—	—	—	—	—	—	—
Los Angeles, Calif.	55.4	61.9	48.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	53.2	68.5	44.3	—	—	—
Oakland, Calif.	56.1	61.0	50.1	52.9	60.7	52.3	16.7	18.3	13.1	15.1	15.6	11.9	60.8	64.9	56.8	51.3	57.4	45.2	—	46.5	—	53.9	—	—
11 Santa Barbara, Calif.	62.1	70.7	53.4	59.7	64.8	50.2	—	—	—	—	—	—	56.0	60.4	53.2	56.1	59.7	51.4	66.9	72.8	60.2	60.3	66.3	55.8
San Francisco, Calif.	50.1	61.5	49.0	51.1	56.0	41.3	15.3	16.7	13.0	15.3	17.0	14.0	45.5	47.7	42.5	42.4	48.1	40.4	46.8	49.3	44.1	47.1	47.6	43.5
San Jose, Calif.	54.6	65.2	48.6	51.0	65.4	49.4	—	—	—	—	—	—	61.2	65.8	56.6	58.0	62.0	54.0	61.2	65.8	56.6	58.0	62.0	54.0
Baltimore, Md.	47.6	53.6	41.8	45.9	52.2	37.1	16.0	20.6	14.8	16.0	22.7	11.6	40.1	54.1	39.3	43.6	58.6	37.6	44.7	56.4	33.0	41.7	53.8	29.6
12 Philadelphia, Pa.	33.9	37.6	31.3	32.6	35.9	29.0	9.2	10.6	8.5	9.6	10.8	9.0	41.7	51.4	25.9	41.2	49.6	29.8	—	—	—	—	—	—
Washington, D. C.	43.9	49.6	40.0	41.0	47.4	34.9	14.7	19.7	12.8	14.0	20.4	11.2	—	—	—	—	—	—	—	—	—	—	—	—

\* Figures for November.

## Consumer Credit for November

CONSUMER INSTALLMENT credit outstanding increased 62 million dollars during November to an estimated 22,014 million at the month-end. This rise compares with increases of 141 and 350 million in November of 1953 and 1952, respectively. Automobile instalment paper outstanding decreased 44 million dollars during the month, and repair and modernization loans decreased 6 million. These declines were more than offset by increases of 74 million in other consumer goods paper and 38 million in personal loans. Instalment credit extended, estimated at 2,334 million dollars during November, was slightly above October. Extensions on automobiles and for repair and modernization were maintained at about the October volume, while those on other consumer goods and personal loans increased. Repayments of instalment credit increased slightly to a monthly total of 2,472 million dollars. Total short- and intermediate-term consumer credit outstanding at the end of November was estimated at 29,209 million dollars, 234 million above the preceding month and 449 million above a year earlier.—Federal Reserve Board.

## Department Store Credit for November

INSTALLMENT ACCOUNTS outstanding at department stores increased 4 per cent during November, and at the end of the month were 5 per cent above a year ago. Collections during the month amounted to 13 per cent of first-of-month balances, 1 point below the collection ratio of both a month ago and a year ago. Charge accounts outstanding increased 11 per cent from October to November, about the usual increase for this time of year. Compared with a year earlier, month-end balances were up 3 per cent. The charge-account collection ratio, estimated at 48 per cent in November, was 1 point above both a month ago and a year ago. Increases in sales of all types during November were somewhat larger than in the same month of recent years. Cash sales were up 17 per cent, charge-account sales 18 per cent, and instalment sales 8 per cent. Each type of sale was also above a year ago—cash sales by 3 per cent, charge-account sales by 6 per cent, and instalment sales by 11 per cent.—Federal Reserve Board.



# *Granting Credit in Canada*



C. B. FLEMINGTON . . Canadian Correspondent

## **The Psychology and Strategy of Collecting**

**M. CZERWONIAK, Remington Rand Limited, Toronto, Ontario, Canada**

**I**T WILL be agreed upon, no doubt, that a certain amount of psychology is essential in the art of collecting accounts. There are times where we come to be a student of other people's motives, and an expert in the reasons men do or think certain things under given circumstances. The more we can reduce to definite principles the motives that actuate people who owe money, the more successful will be our efforts to induce the settlement of the account.

Most of us realize that motives, emotional attitudes, and habits are the essential psychological factors with which we must deal in relation with the delinquent customer. By this knowledge of these factors and by skill in applying the right stimulus at the opportune moment, we conserve customers for the company while securing the payment of their obligation.

It should be understood, however, that any attempt to describe the exact method to be used in applying the principles developed would be futile. The methods followed depend, in a measure, upon the knowledge that we have of the particular debtor with whom we are dealing. It is necessary to obtain all available data, giving us an accurate mental picture of the habits and characteristics of the customer whose account is past due, or the work is likely to be perfunctory and ineffective. A mental picture of a past-due account can be obtained from the facilities of the credit office, the cooperation of the concern's salespeople, and the analysis of the customer's past record. When dealing with particularly stubborn debtors, up-to-date credit reports should be secured. The information they contain often will prove invaluable.

From earliest times human motives for thought and action have been substantially the same. Among the more common of these are reactions to self-preservation, hunger, cold, self-interest, security, pride, love, personal gain, possession, enjoyment, and alleviation of suffering. Certain impressions relating to these motives are firmly planted in our minds through long custom and use. The merest reference to them will awaken associations and memories that stir us deeply. Self-evident as these theories are, they need mentioning, for their very obviousness often obscures their importance.

From many possible steps, the collector must take the one factor which will undoubtedly be the most effective under given circumstances. Experience has undoubtedly shown us the power of habit, the importance of securing and holding attention, the value of appeals to instincts and ambitions to which nearly all men respond, and the value of suggestions which bring the desired reactions.

The results of such efforts on the part of the collector will never be in doubt, because they are shown in dollars and cents. There is a wide variation in business methods and in the habits and reactions of people, because of the

difference in localities, conditions, and customs. Even though principles are developed from a vast amount of collection experience, skill and judgment on the part of the collector will always be required to ensure their successful application.

After having observed the mental operations of the human individual who is asked to pay a debt, and having reached a conclusion as to the trend of his thought, we should then attempt to work with the customer's ideas rather than against them. We should then proceed to study the customer to see whether there are any obvious motives to which he is likely to respond and which can be used in the process of obtaining payment. We must thoroughly examine the relations between the company and the debtor to ascertain, if possible, what fixed impressions have been established in the debtor's mind after months or even years of business relationship. These will relate to such things as value, service, accommodation, and credit.

In such instances where the customer's relations with the house reveal that he has a wrong impression of the methods of the house, and their true values, the collector should endeavour to correct these wrong impressions by appealing in good earnest to the debtor's pride, his spirit of cooperation, and his acquisitiveness or sense of business advantages. If this appeal is effectively administered, there will be no need to sell or induce negative states of mind like fear, shame, or the desire to avoid annoyance.

### ***Different Types of Debtors***

In order to use successfully an appeal to any one of the varied motives that may be involved in the payment of a debt, it is necessary to know with what type of debtor one has to deal. In instances where many thousands of accounts are handled, this will undoubtedly appear a most difficult feat to accomplish. However, by the process of grouping debtors into classes according to the degree of promptness with which they make payment, the collector should be able to judge approximately which appeal will be most effective. After the completion of this process of classifying debtors by the promptness, slowness, or chronic delinquency of their payments, the process of applying persuasion to induce payment begins in each group according to its place in the collection scale.

Customers who are fairly prompt in paying for their purchases would require only a formal statement of account or a mild reminder of the obligation. For accounts inclined to be somewhat slow habitually, it is advisable to add to the statement a letter which will convey a reminder of the account in a somewhat friendly atmosphere. Referring to customers who appear to be heading perilously near to the careless category, the appeals will probably be changed from pride, acquisitiveness, competi-



## Copies of Collection Form Letters Keep Credit Bureau Files Up to Date

We wish to acknowledge with thanks the following unsolicited letter. We feel that if all credit granters used this or a similar method to notify the Credit Bureau of past-due accounts, it would enhance our service considerably.—C. B. Flemington.

This company has long held the view that the Credit Bureau is as important a part of the business as any of our own departments. With the rise in our credit card sales in recent years, the matter of advising the Credit Bureau of past-due accounts has taken up an increasing amount of clerical time. Since much of our follow-up work is carried out by means of form letters, we adopted the method of advising the Bureau of overdue accounts by means of a carbon copy of the form letter. The carbon copy is made on a form letter intended for the Credit Bureau. The specimen below is used immediately prior to suspension of a credit card. We find that this method cuts down considerably on typing and at the same time ensures that the Credit Bureau is advised at the time the form letter is mailed to the customer.—P. G. Weaver, Assistant Credit Manager, Marketing Division, Anglo American Exploration Ltd., Calgary, Alberta, Canada.

Here is the letter:

Balance \$75.00

Credit Card No. 100000

On checking your Credit Card Account, we find that the balance has been building rapidly in recent months and that no payments have been received for some time to apply on the account.

In order that you may continue to enjoy the privilege of a Credit Card Account, please remit the balance shown on your last statement, by return mail.

The carbon copy, addressed to the Credit Bureau of Calgary, reads:

Balance \$75.00

Credit Card No. 100000

The above-named has a credit card account with us 60 days past due.

The company also uses a form letter to send to a credit card holder who has issued a check that has been returned marked "Not Sufficient Funds." A copy of this letter is also sent to the Credit Bureau in order to keep their files up to date.

tion, or initiative to apprehension or consequences, in an effort to bring favourable results. Last but not least is the poor-pay account who is not easily frightened, because he is callous by nature, thus ordinary collection appeals will have no effects. The collector who understands this type of mind and who can out-general it and surprise it, will be able to score success where others fail.

Anticipation of frankness without bluster, continuous advanced determination from stage to stage of collection procedure, eliminating steps whenever advisable, with occasional appeals to the debtor's self-interest and pride together with a continuous pressure for payment, will do much to convince the callous-minded delinquent that he has met his master and that further resistance will be too expensive to risk. ★★★

## "One Hundred"

(Beginning on page 10.)

local firms, many of whom had been going along with old and inadequate plant facilities. The challenge was just too great as they could not sit idly by and see these new neighbors "steal the show." A close check of building permits and plant investment indicates that over \$300,000,000.00 has been spent by local industry in this same four-year period.

After a new industry is located in Birmingham, work of the Committee does not stop. Thousands of details have been handled for these companies, their officers and employees. Tax problems, building permits, expediting of materials and services, homes for officials and key employees brought to this area, "hurry up" on the part of the utility companies to give prompt services, paving of roads to new plants, and rerouting and changing of transportation to accommodate these thousands of new employees are a few of the ways in which the Committee continues to serve these new businesses.

In attracting these new firms to Birmingham, the Committee has not resorted to any of the "come-on gifts" employed by some states. All of these new firms prefer to bear their portion of our tax load and live up to the other fair and reasonable requirements that are made on the industrial community.

Special surveys and tailor-made presentations are necessary in practically all cases of negotiation, in addition to the prepared brochures used by the Committee. These surveys are made to cover the market in which the prospective firm is interested and apply to the particular type of business or industry involved. Committee files today include several hundred live prospects and new ones are being added from day to day.

### Brochure About Birmingham

These brochures and other presentations present in a graphic way Birmingham's claim of the shortest average distances to the nation's fastest growing market; its excellent transportation facilities; the availability of good labor with a minimum of the radical ideas so prevalent in some areas; ideal climate and living conditions. They also picture the scores of new apartment buildings, motels, shopping centers, hospitals, churches, schools and colleges, and the home of the Southern Research Institute, the largest in the South. Newcomers are enjoying the cultural and civic advantages found in this fast-changing, modern city.

The Birmingham of today is a prosperous, optimistic, metropolitan city with none of that inferiority complex which formerly held sway, and when the Secretary of the Treasury of the United States recently visited Birmingham, he referred to it as "the youngest of the world's great cities." ★★★

*Reading this publication carefully  
and regularly will contribute to  
your success as a Credit Executive.*

## A Significant Achievement

IT IS with considerable satisfaction that the National Retail Credit Association announces the accomplishment of a major project. This is the production of an educational motion picture film encouraging the sound use of consumer credit and dramatically stressing the manifold advantages of building and maintaining a good credit record. Months of planning and preparation have gone into this outstanding achievement. The film will be available for distribution early in March.

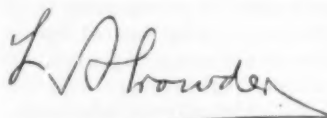
Produced by the University of Oklahoma, the twenty-five-minute, 16 mm black-and-white motion picture will be entitled, "The Good Things of Life on Credit." Professional narration will emphasize the important and beneficial role that retail credit plays in our economy and in individual lives. The story treatment is packed with human interest and will hold audience attention as events unfold and highlight the significance of the title of the film. Expertly blended synchronous sound and music background will give the film definite entertainment value while indelibly registering the educational message.

Opportunities for the showing of this film are boundless. In addition to use at local credit association and credit bureau meetings and state and district conferences, it will be exhibited before classes of high school seniors, junior colleges, teachers' colleges, civic and service clubs, parent-teacher assemblies, adult education groups and elsewhere. During *Retail Credit Education Week*, April 24-30, 1955, especially, the film will be an important means of publicizing the story of retail credit to countless numbers of actual and potential credit consumers. In many cities television stations will welcome the opportunity of showing the film without charge as a civic contribution.

Local merchants' associations will find the film useful in employee training in member stores. Business schools and colleges will find a place for the film in their business education courses. Without doubt, the film will build prestige for the credit bureau and result in fuller and more consistent use of its services.

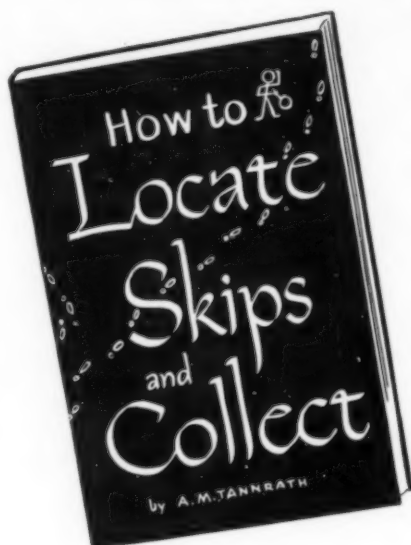
Every local retail credit association, in cooperation with the credit bureau, should consider purchase of this film as an essential and profitable investment in needed consumer credit education. Its acquisition will have limitless possibilities and be widely used in informing the public generally about credit and stimulating them to use credit wisely and to meet their obligations promptly.

*You are cordially invited to write to the National Office today for details.*



General Manager-Treasurer  
NATIONAL RETAIL CREDIT ASSOCIATION

# THOUSANDS OF "SKIPS" HAVE BEEN LOCATED



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14 BOOKS—"We are placing our order for fourteen copies of the above books to be mailed to our various offices as shown on the attached sheet."—Securities Credit Corp., Denver, Colo.

21 BOOKS—"We are enclosing check in payment of 21 copies of your book. Kindly ship to the following addressee."—Merchants Acceptance Corp., Worcester 8, Mass.

160 BOOKS—"We placed one or more copies in each of our offices. Many thousands of dollars worth of skip accounts have been located through the direct result of your book."—Miller Management Co., Nashville, Tenn.

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Name \_\_\_\_\_

Firm Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_



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